

Social Security and  
Education  
★  
Indian Affairs

*A report to the Congress by the Commission on  
Organization of the Executive Branch of  
the Government, March 1949*

-2. APR 1957



# The Commission on Organization of The Executive Branch of the Government

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## Letter of Transmittal

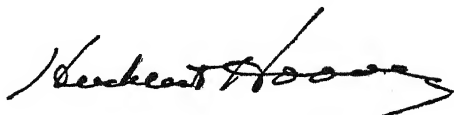
WASHINGTON, D. C.

18 March 1949.

DEAR SIRs: In accordance with Public Law 162, Eightieth Congress, approved July 7, 1947, the Commission on Organization of the Executive Branch of the Government submits herewith its report on Social Security and Education, and separately, as appendix P, the task force report on Welfare Activities. Part Three, Federal Policy and Organization for Education; Part Four, Federal Activities and Organization in the Field of Employment; and Part Five, Relief and Social Security, of the task force document, refer to the subjects under discussion in this report.

The Commission wishes to express its appreciation to the members of its task forces in these fields and to the officials of departments and agencies who cooperated with them in their investigations.

Respectfully,

A handwritten signature in dark ink, appearing to read "Herbert Hoover", with a long, sweeping horizontal stroke extending to the right.

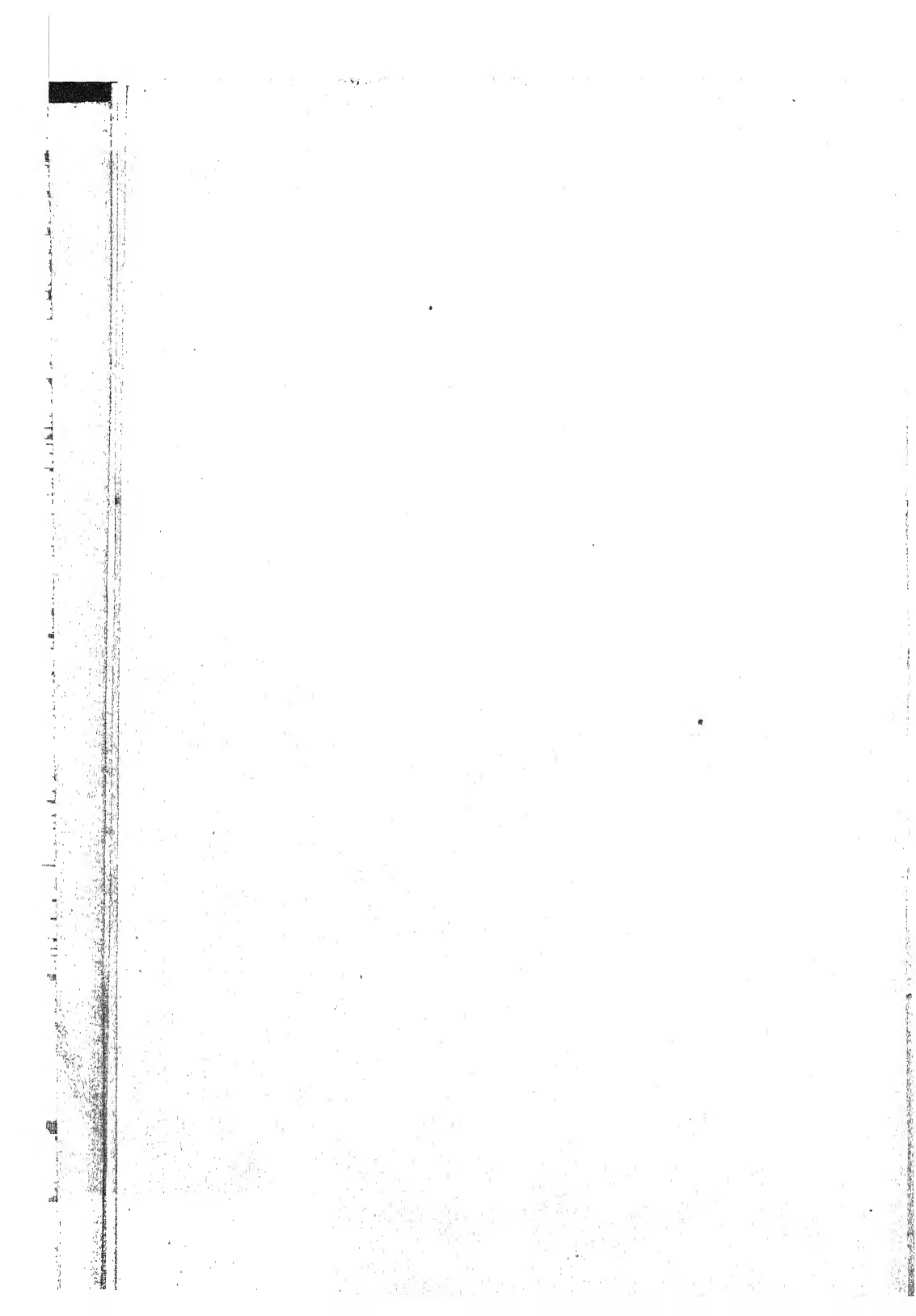
*Chairman.*

*The Honorable*

*The President of the Senate*

*The Honorable*

*The Speaker of the House of Representatives*



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Part One

# WELFARE ACTIVITIES



## I. Introduction\*

American concern over the problems of education, health, relief of the needy, aid to the handicapped, and assistance in unemployment and old age is as old as the Republic. Responsibilities in these fields were initially considered to be those of State and local governments.

With the growth of the Nation, these problems have become wider than local and State boundaries. There is a common interest of all citizens in the education of every citizen. There is a common interest in the advancement of science and in the common dangers from disease. There are obligations to veterans. The problems of unemployment extend beyond State borders. There is generally a recognition of the practical problems which lie in our obligation as "our brother's keeper."

All these circumstances have contributed to bring these problems more and more to the Federal level. In dealing with these matters, except in the case of veterans, the Federal Government has usually sought to preserve the responsibilities of local government and their agencies of administration in effecting the national purpose.

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\*DISSENT: Vice Chairman Acheson, Commissioners Aiken and Rowe dissent from the separation of health functions from other welfare activities and recommend the formation of a Department of Welfare, including health activities, in a statement given on p. 37.



It is not the province of this Commission to pass upon the policies that have evolved in these matters. We are concerned with the efficient and economical organization of the Federal agencies as we find them. The organizational problems of education, health, medical care, assistance to the handicapped and aged, and aid to the unemployed permeate every department of the Federal Government.

There is no perfect organizational arrangement for these functions. Many of them must be performed by specialized agencies like the Veterans' Administration, the Armed Forces, and the Labor Department. As the problems grow, specialization in organization will inevitably grow.

In our report on Medical Services, we have recommended a separate United Medical Administration, reporting directly to the President.<sup>1</sup> That agency would embrace the major hospitalization, medical research, and public health activities of the Government and, by its creation, bring about better medical care, development of medical staff, research, and protection of public health, together with large economies in administration.

In our report on the Labor Department, we recommended the return of several agencies now in the Federal Security Agency to that Department.

There remain, however, certain most important bureaus or agencies relating to education and security which must be

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<sup>1</sup> See dissent of Vice Chairman Dean Acheson, Commissioners George D. Aiken and James H. Rowe, Jr., and the separate dissent of Commissioners John L. McClellan and Clarence J. Brown in the report on Medical Activities.

organized into a workable department. They are now, with one exception (the Bureau of Indian Affairs), in the Federal Security Agency.

The size of these agencies, after making the changes we have outlined, is somewhat indicated by the fact that they embrace about 20,000 employees. The administrative expenditures would be roughly \$50,000,000. The grants-in-aid to be distributed would approximate \$800,000,000.<sup>2</sup> For the calendar year 1948, the collections of Old-Age and Survivors Insurance approximated \$1,688,000,000, and disbursements \$550,000,000. The accumulated funds on August 31, 1948, were \$10,388,000,000.

While we discuss the educational problems at greater length later, it may be said here that it has long been suggested that the educational activities of the Federal Government should be given independent or Cabinet status. However, the Federal Government is not engaged in direct educational activities (except in a small way in the case of Howard University). Its function is that of stimulating educational advancement by research, issuing publications, and making grants-in-aid to the States. The administrative staff required is less than 500 persons.

We believe that the functions, including education, which we propose to assign to this department have such an im-

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<sup>2</sup>In addition, the budget request for 1950 includes \$301,200,000 for Federal aid to education and \$65,000,000 for the extension of public assistance programs.

portant relationship to the formation of the domestic policies of the Government that the person in charge of the functions should be a member of the President's Cabinet.

*Recommendation No. 1*

We therefore recommend that a new Department to administer the functions set forth in this report be created and headed by a Cabinet Officer.

## II. Proposed Departmental Organization

We have urged in our first report that good departmental administration requires that the Secretary have authority to organize and control his department, and that grants by the Congress of independent authority to subordinates or bureaus be eliminated.

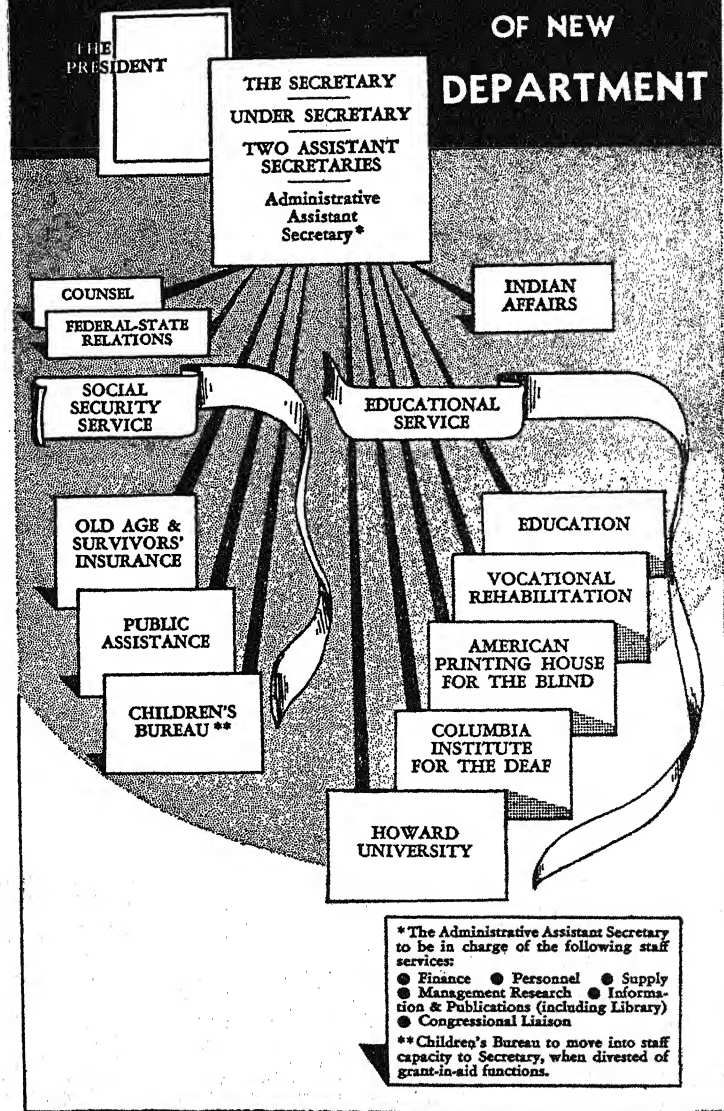
Under our recommendations made elsewhere, we propose a new form of "performance" budget for all departments.<sup>1</sup> We also propose that the Department keep its own administrative accounts as prescribed by an Accountant General in the Treasury and approved and audited by the Comptroller General.<sup>1</sup> The Commission also recommends that all personnel recruitment should be decentralized into the Department (except possibly in lower grade positions common to all departments and agencies), subject to standards and methods of merit selection to be proposed by the department, but with the approval and enforcement of the Civil Service Commission.<sup>2</sup> The Commission likewise recommends that the procurement of supplies peculiar to a department should be decentralized into the Department under standards and methods established by the Office of General Services. Items of common use would, of course, be handled by the Office of

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<sup>1</sup> Report on Budgeting and Accounting.

<sup>2</sup> Report on Personnel Management.

# PROPOSED ORGANIZATION OF NEW DEPARTMENT



General Services.<sup>3</sup> Further, we propose that the Department should strengthen its management research unit, working in cooperation with a comparable staff unit under the Office of the Budget.<sup>1</sup>

The present administrative structure of the Federal Security Agency, with few changes as to titles and assignments, would naturally be continued and transformed into the new Department. The staff organization should comprise:

THE SECRETARY

AN UNDER SECRETARY

THREE ASSISTANT SECRETARIES, one of whom should be Administrative Assistant Secretary in charge of staff services.

### *Recommendation No. 2*

We recommend that these officials be appointed by the President and confirmed by the Senate, but that all officials in the department below the rank of Assistant Secretary be appointed by the Secretary.

The Administrative Assistant Secretary should preferably be appointed from the career service.

The following will indicate the opinion of the Commission concerning the arrangement of the Department. Part of this structure is already established in the Federal Security Agency. We are not, however, recommending a hard and fast rule. The Secretary should determine the organization and be free to amend it.

<sup>1</sup> Report on Budgeting and Accounting.

<sup>3</sup> Report on the Office of General Services.

OFFICE OF COUNSEL

OFFICE OF FEDERAL-STATE RELATIONS

STAFF SERVICES, under the Administrative Assistant Secretary, with  
an officer in charge of each:

Budgeting and Accounting

Personnel

Supply

Management Research

Information and Publications (including Library)

Liaison with Congress

#### SOCIAL SECURITY SERVICES

BUREAU OF OLD-AGE AND SURVIVORS' INSURANCE

BUREAU OF PUBLIC ASSISTANCE

(Grants-in-aid to States for Old-Age Assistance, Dependent Children  
and the Blind)

CHILDREN'S BUREAU

#### EDUCATIONAL SERVICES

BUREAU OF EDUCATION

BUREAU OF VOCATIONAL REHABILITATION

AMERICAN PRINTING HOUSE FOR THE BLIND

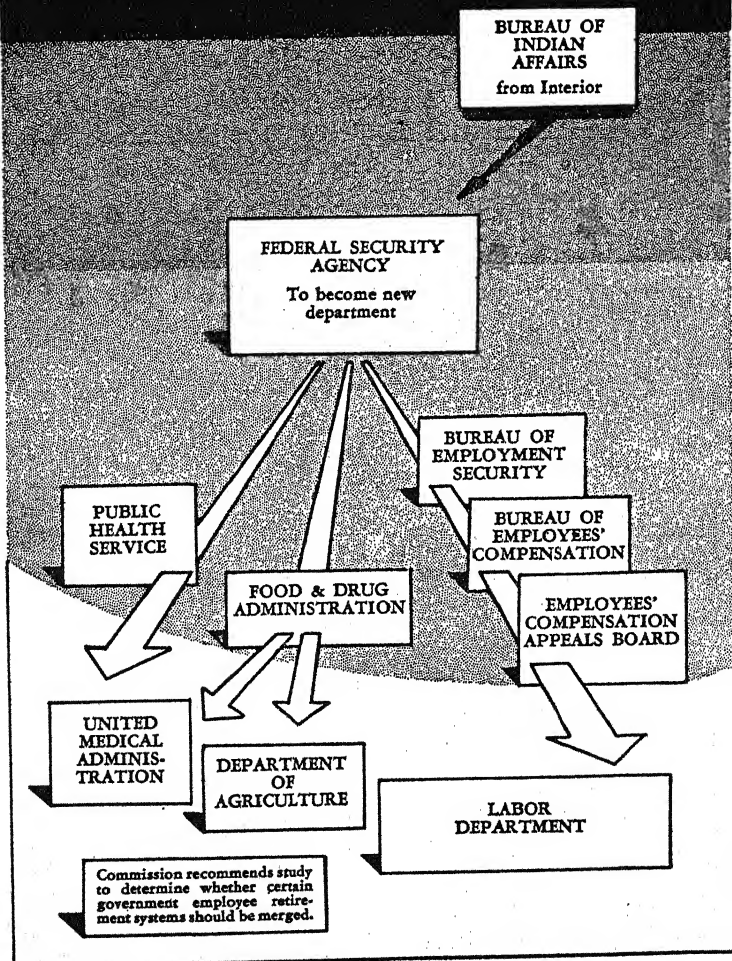
COLUMBIA INSTITUTION FOR THE DEAF

HOWARD UNIVERSITY, WASHINGTON, D. C.

#### INDIAN AFFAIRS

The functions of the Bureau of Indian Affairs, and the reasons for its  
transfer from the Department of the Interior to the new department,  
are outlined in the report on Indian Affairs, pp. 53 et seq.

# PROPOSED AGENCY TRANSFERS TO FORM DEPARTMENT FOR SOCIAL SECURITY & EDUCATION





## Transfers From Federal Security Agency

We elsewhere recommend the transfer from the present Federal Security Agency of the following:

BUREAU OF EMPLOYEES' COMPENSATION, to the Department of Labor.<sup>4</sup>

EMPLOYEES' COMPENSATION APPEALS BOARD, to the Department of Labor (These two functions relate to compensation for injuries of civilian employees of the Government).<sup>4</sup>

BUREAU OF EMPLOYMENT SECURITY, to the Department of Labor (These functions comprise the United States Employment Service and the Federal aspects of unemployment compensation).<sup>4</sup>

PUBLIC HEALTH SERVICE, to the United Medical Administration.<sup>5</sup>

FOOD AND DRUG ADMINISTRATION, partly to the Department of Agriculture and partly to the United Medical Administration.<sup>6</sup>

## General Comment

In the following section, we comment on the problems of the Department and, in doing so, we again emphasize that this Commission is not dealing with the policies of the Congress in these agencies, but purely with organizational questions.

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<sup>4</sup> See the report on the Department of Labor.

<sup>5</sup> See the report on Medical Activities.

<sup>6</sup> See the report on the Department of Agriculture. Page 23 of that report contains the dissenting opinion of Commissioners Pollock and Rowe on this recommendation.

**Part Two**

**SOCIAL SECURITY**



### III. Grants-in-Aid

A considerable part of the departmental function is conducted by grants-in-aid. Total grants are as follows:

<i>Programs</i>	<i>Federal grants in fiscal 1948</i>	<i>Average number of Beneficiaries 1946-47</i>
PUBLIC ASSISTANCE	\$775, 602, 000	
Old-Age	606, 594, 000	2, 271, 000
Dependent Children	151, 170, 000	1, 009, 000
Blind	17, 838, 000	62, 000
EDUCATION	19, 171, 000	*
CHILDREN	22, 000, 000	*
VOCATIONAL REHA- BILITATION	21, 662, 000	170, 000**

\* These two activities pertain to segments of the whole population; the numbers of beneficiaries cannot be accurately estimated.

\*\* Aggregate—fiscal year 1947.

The methods by which these grants are distributed may be summarized as follows:

*For Old-Age and Blind:* The Federal Government meets three quarters of the first \$20 monthly, plus half of amounts between \$20 and \$50. States and localities pay all over \$50 monthly.

*For Dependent Children:* The Federal Government pays three-quarters of the first \$12 monthly to one child, plus half of the amount between \$12 and \$27. For additional chil-

dren in the same household, payment per child in excess of \$12 is matched up to \$18. Above this level State and local governments bear the entire cost. The Federal Government reimburses the States for half of the amount expended for "proper and efficient administration."

*For Vocational Rehabilitation:* The Federal Government assumes 100 percent of the cost of administration and the cost of vocational counseling and placement. Other services are shared with States on a fifty-fifty basis. There is no fixed over-all participation ratio but States are expected to contribute 30 percent of total program costs except for the blind where States contribute 20 percent.

*For Vocational Education:* These funds are to be matched dollar for dollar by the States. Allocations to the States for different purposes are based on at least seven different formulas.

*For Child Welfare:* Twenty thousand dollars must be allotted to each State. The remainder is required to be allocated on the basis of approved plans in the proportion that a State's rural population bears to the rural population of the United States. There is no fixed matching ratio, but the wording of the act with reference to "cooperating" with State public welfare agencies and to paying "part" of the cost of local child welfare services clearly requires some State financial participation. In practice this is achieved by restrictions placed by the Federal administrative agency on the use of Federal funds.

Fund-matching factors differ by programs. For maternal and child health and crippled children's services, under the Children's Bureau, the law requires that one-half of Federal appropriation be matched equally by States, and that the other half be allocated at the discretion of the Administrator. This was designed to implement the development of services "especially in rural areas and areas suffering from economic distress."

The grant-in-aid system is discussed in our report on Federal-State relations.

## The Children's Bureau

### *Recommendation No. 3*

We recommend that, as soon as the integrated new Department develops a more unified approach to grants-in-aid, the Children's Bureau be divested of grant functions and the Bureau shifted to a general staff capacity to the Secretary.

The services of the Children's Bureau cut across the major areas of health, education, and welfare. The Bureau could function more effectively in a staff capacity concentrating on its functions of research, planning, and promotion. The decision as to who should take over these grants can be made at the proper time by the head of the Department.



## IV. Old-Age Assistance and Retirement

Our investigation of governmental programs in the area of Old-Age Assistance has revealed the existence of a maze of private and public pension and retirement systems. New variations are constantly being added, and there appears to be little relationship among these programs.

The flexibilities of our society encourage transfer of working skills. Therefore, the individual, in changing employment or profession, may come under a number of different pension schemes—each totally unrelated to the other—and many persons are outside the scope of any existing system. Actuarial bases, when they exist, vary tremendously.

### FEDERAL PROGRAMS

The Federal Government is concerned with the following programs which bear upon support in old age:

- a.* The Federal Old-Age and Survivors' Insurance Program which now includes about 40 million active accounts.
- b.* The Old-Age portion of the Public Assistance Programs under which about \$550,000,000 is disbursed annually by the Federal Government in supplement to State old-age assistance programs.



- c.* The veteran and military pensions and disability systems, and that for dependents of these groups, which are a direct charge on the Federal Treasury.
- d.* The Civil Service and Foreign Service retirement systems, also a partial charge on the Treasury.
- e.* The Railroad Retirement System, which is self-supporting.

#### OTHER PROGRAMS

In addition, a multitude of other private and governmental old-age pension and retirement systems now exist:

- a.* The State old-age assistance systems which are supported by State taxes and to which the Federal Treasury is a contributor (*b.* above).
- b.* Old-age or retirement pensions for most State and municipal employees.
- c.* Old-age or retirement systems set up by universities, hospitals, and various benevolent institutions.
- d.* A multitude of retirement or old-age pension systems set up by industries, insurance companies, and other businesses.
- e.* The establishment of old-age or retirement systems over whole industries by collective bargaining, such as that of the United Mine Workers.

These systems obviously overlap in the contributions from wages and salaries or from taxation, paid on a State or local basis, or passed on to the public through prices.

## Operation of Federal Public Systems

Proposals are now being considered for the expansion in coverage and increase in allowances in the Federal Old-Age and Survivors' Insurance System. During the 12 years since its establishment this system has been altered. Originally a supposedly self-supporting system on an actuarial base, the system in all probability will call for appropriations from the Treasury to fulfill its obligations. Government actuaries estimate that in the absence of increases in the 2-percent pay-roll tax that, has thus far been levied for the support of the system, the reserve funds will be exhausted within less than 15 years.

For the fiscal year 1950, the budget estimates of the President indicate that the administrative cost of the Old-Age and Survivors' Insurance program will amount to about \$43,000,000. The administrative cost is now defrayed entirely from the receipts of the system.

For the fiscal year ended June 30, 1947, the Federal Security Agency estimated that total administrative costs amounted to 2.8 percent of contributions paid in, and to 9.6 percent of benefits paid out. About three-quarters of the administrative costs is spent for the maintenance and use of individual earnings records.

The present number of persons 65 years of age and over is about 10,600,000, or about 7.5 percent of the population. The number that will be in this age bracket 40 years hence is estimated at about 21,500,000, or over 13 percent of the popu-

lation. By 1950, it is estimated that pay-roll taxes will total a minimum of about \$2.5 billion, and the disbursements to beneficiaries a minimum of over \$600 million. As of August 1948 the reserve fund was estimated at \$10,388,000,000.

The present costs of administration are no indication of future costs, even granting no further change is made in the system. The full administrative load is still several years ahead. At that time, large numbers of persons will become eligible for benefits. In the fiscal year 1947, the total number of beneficiaries under the system was less than 2 million persons. Even in the fiscal year 1950 it will be around 3 million. The real burden of administrative cost will become evident only when approximately the same number of persons is being added and subtracted each year.

All these problems, and others, raise the question of congressional examination of the whole subject. Some entirely new system may be necessary if we are to provide adequate protection against the hazards of old age for the American people.

#### *Recommendation No. 4*

The Eighth Annual Report of the Board of Trustees of the Federal Old-Age and Survivors' Insurance Trust Fund has stated:

. . . There is need for a review of the old-age and survivors' insurance program covering not only the benefit formula, the coverage of the system, and the scope of protection afforded, but also contributions and financial policy.

We recommend that such a review be made.

## Government Employee Systems

At the present time there are several contributory retirement systems operating within the Federal Government.

The comparative size of these systems is indicated below:

<i>Retirement system</i>	<i>June 30, 1948</i>	
	<i>Estimated number employees covered</i>	<i>Balance in fund</i>
CIVIL SERVICE	1, 758, 000*	\$2, 825, 820, 000
ALASKA RAILROAD	2, 400	3, 144, 000
CANAL ZONE	4, 500	13, 393, 000
FOREIGN SERVICE	12, 400	12, 134, 000
TENNESSEE VALLEY AUTHORITY	10, 500	19, 110, 000
DISTRICT OF COLUMBIA, TEACHERS	200	14, 202, 395
CIVILIAN TEACHERS AT NAVAL ACADEMY	200	**

\* Not including employees of the legislative and judiciary branches and the District of Columbia, who number about 17,000.

\*\* Not a trust fund. Members receive policies of commercial insurance companies.

Generally, the benefits under the Civil Service system are more comprehensive. Merger of these systems might produce economies through elimination of unnecessary accounting and duplication of legislation by the Congress. The usual experience has been that, as the Civil Service Retirement Act is amended, the other systems follow with requests for similar amendments.

While the benefits granted in all these systems differ, the Civil Service Retirement system is generally the most liberal with the exception of the Foreign Service system.

### *Recommendation No. 5*

We recommend that a study be made to determine whether these systems, with the exception of the Foreign Service system, should be merged.<sup>1</sup>

Such a merger would not be in conflict with action taken in the past two years in merging with the Civil Service system several small systems formerly operated for certain employees of the Panama Railroad Company, employees of the Comptroller of the Currency, and employees of the Smithsonian Institution.

### **Railroad Retirement Board**

The Railroad Retirement Board was established by the Railroad Retirement Act of 1935. The other principal authority of the Board derives from the Railroad Unemployment Insurance Act of 1938, as amended. Under these two statutes, the Board administers (*a*) a retirement system for aged and disabled railroad employees and survivors, and (*b*) an unemployment insurance system including unemployment, maternity, and sickness benefits. The system takes in the railroad industry, affiliated companies and joint associations, and employees of national railway labor organizations and employee representatives. The Board is composed of three

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<sup>1</sup> **DISSENT.** This recommendation, as written, could be construed to endorse a standardization of the benefits of the merged systems. I do not believe that this is possible or wise.

JAMES FORRESTAL,  
*Commissioner*

members appointed by the President by and with the advice and consent of the Senate. The President appoints the chairman independently but the other two members are nominated, one each by carrier representatives and employee representatives.

The Commission has examined the system and finds that its activities are much broader in scope than the welfare functions to be included in the new Department; that part of its functions belong with the unemployment compensation-employment service functions proposed to be placed in the Department of Labor; that essentially the system works well as located; that administratively there is no economy or efficiency to be achieved by destroying the present well-integrated system and transferring it in whole or in part to one or more agencies; and finally that the system is a uniquely administered and completely privately supported system operated under Government auspices.

The actual collection of taxes is the only part of the system financed by the Government. Of the contributions collected under the Railroad Unemployment Insurance Act 90 percent is credited for the payment of benefits and 10 percent is deposited in a special administrative fund to administer the Act. The system is completely Federal. It would be possible to change it and have the railroads pay taxes to the States but nothing would be gained in efficiency by segregating the employment functions which are mingled with the retirement functions throughout the Board's organization. Unless the retirement system were extended to universal

coverage, and unemployment compensation made a Federal function, the factors of efficiency, benefits, employee satisfaction and tradition all militate against transfer of the Railroad Retirement System to either of the two departments concerned.

*Recommendation No. 6*

The Commission recommends the retention of the Railroad Retirement Board in its present status.

**Part Three**

**EDUCATION**





## V. Federal Participation in Education Generally

Total Federal funds expended for all educational purposes, including the education of veterans, are at present at an all time high of over \$2.5 billion.

The major purposes of these expenditures may be classified as follows:

- a.* Federal activities concerning all levels of education—such as education of veterans, institutional on-farm training, vocational and physical rehabilitation, and education in nonmilitary subjects within the military establishment—over \$2 billion.
- b.* Federal activities clearly related to elementary and secondary education—\$166 million.
- c.* Federal activities clearly related to higher education—\$257 million.

In addition, the Federal Government has rendered considerable assistance to education in nonbudgetary items, particularly since the recent war. For example, during approximately two years prior to May 1948, surplus property initially valued at \$646,663,358 was made available to educational institutions by the War Assets Administration,

Army, Navy, and Air Force, with the cooperation of the Office of Education.

With few exceptions, the Federal interest in education centers on special groups of individuals, special programs sponsored by the Federal Government, or on research and training to promote some special Federal concern such as national defense or in-service training of Federal employees. The variety of Federal activities in education is indicated by the following:

*a.* At elementary and secondary levels:

- i. Promotion of curricula.
- ii. School lunch program.
- iii. Education for dependent children of Federal employees.
- iv. Education of Indians and other native people.

*b.* At the level of higher education:

- i. Research grants to colleges and universities.
- ii. Higher education of special groups of individuals, or individuals in special fields (Howard University, public health training, extension service of the Department of Agriculture).
- iii. Special types of State higher institutions such as land-grant colleges and State Maritime academies.
- iv. International education programs.
- v. Education and training for public service.

*c.* Activities not specialized:

- i. Veterans.
- ii. On-farm training.
- iii. Vocational and physical rehabilitation.
- iv. Education in nonmilitary subjects within the military establishment.

d. Activities not connected with established educational institutions such as in-service training for government service, or programs for non-Federal employees.

e. Nonbudgetary Federal assistance through surplus property.

With respect to elementary and secondary educational activities, there has been overlapping and independent promotion of curricula in highly specialized fields, while the general curricular needs of the country have been neglected. Direct aid to local schools, with respect to curriculum development and the school lunch program, has circumvented State departments of education. There has not been sufficient coordination of the educational and nutritional aspects of the school lunch program. As regards its responsibility for the education of children of Federal employees on federally owned properties, the Federal Government does not have a consistent and comprehensive policy. There is no common policy for the education of Indians, Eskimos, and other native peoples living in our insular and mandated territories, since this responsibility is dispersed among a number of agencies of Government.

Concerning higher education, nine departments and agencies are making grants or entering into contracts for research through colleges and universities without any coordination of these programs.<sup>1</sup> For years the Government has made payments for agricultural research. More recently the Gov-

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<sup>1</sup> See our report on Federal Research.

ernment has been spending huge sums in grants to higher institutions for atomic and military research. These projects are concentrated in the natural and physical sciences. The grants have an important effect on the educational system.

There are those who believe that these various educational programs should be concentrated in the Office of Education.

*Recommendation No. 7*

This Commission believes, however, that these educational programs must be administered by the agencies whose functions the particular programs serve to promote.

## VI. Educational Activities in the New Department

The new department, however, should analyze the effects of expenditures and programs relating to education and assist the President in making recommendations to the Congress for the correction of deficiencies. In addition, the Department would, of course, continue to perform the historic functions of the Office of Education as follows:

- a.* To collect data on the condition and progress of education and to serve as a source of general information on the subject.
- b.* To administer certain operating functions vested in that agency by the Congress.
- c.* To render professional advice and service to other Government agencies.

## VII. Bureau of Indian Affairs

Due to the Bureau's diversified duties and responsibilities, there is no Department in the Government where it fits satisfactorily. Certainly with the reorientation of the Department of the Interior, which we have recommended, it has little relation to the other activities of that Department. As, however, probably the major relation of the Bureau is to education, it does have a close relationship to the educational activities of, and could be given stronger leadership in, the new Department.

### *Recommendation No. 8*

We recommend that the Bureau of Indian Affairs be transferred from the Department of the Interior to the proposed department which would embrace social security and educational functions.<sup>1</sup>

The Commission's report on Indian Affairs appears on p. 53.

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<sup>1</sup> See dissents of Vice Chairman Acheson, Commissioners Rowe and Forrestal, pp. 77-80.

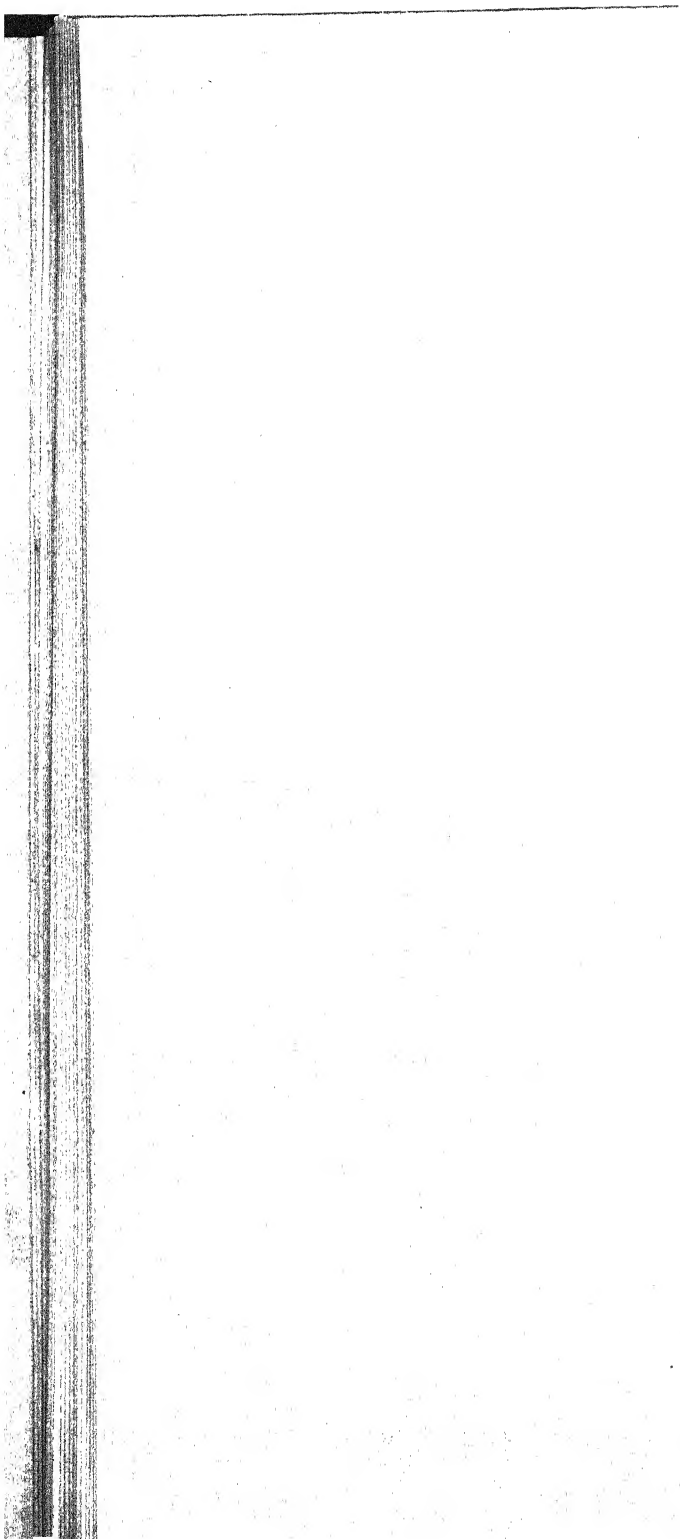
**Part Four**

**SEPARATE STATEMENTS OF  
COMMISSIONERS**

**Separate Statement by Vice Chairman Acheson, Commissioners Aiken and Rowe**

**Additional Views of Commissioners Pollock and Rowe**





## Separate Statement by Vice Chairman Acheson, Commissioners Aiken and Rowe

We favor a Department of Welfare.

We propose it be established by the simple device of renaming the Federal Security Agency which would give that agency departmental status and cabinet representation. The new Department would be charged with the "major purpose" of administering the governmental activities of health, education, and welfare. In general, these would be the functions the Federal Security Agency now administers.

If the executive branch is to be made more manageable and the load upon the President is to be lightened, the volume of supervision and coordination at the Presidential level must be minimized by reducing the number of independent agencies and improving the grouping of programs and agencies in departments. Experience demonstrates that adequate coordination of closely related agencies cannot be achieved simply through staff facilities in the Executive Office of the President. The task is simply too great to be performed at that level along with the large volume of top management and interdepartmental coordination matters which can be handled at no other point. Effective management of the

executive branch demands that the supervision and coordination of interrelated functions be achieved to the greatest practicable degree through departments.

On the basis both of the magnitude of its operations and of the public importance of its programs, the Federal Security Agency clearly merits departmental status. The conversion of the Agency into an executive department would merely bring it into line with its established role in the Government.

Our main disagreement with our colleagues is their insistence that the health functions of the Federal Security Agency be "splintered" away from the new Department and placed in a hospital agency to be called the United Medical Administration. This would be a new independent agency reporting directly to the President.

We would, instead, place the governmental hospital activities in the Department of Welfare where, on the basis of the major purpose of "welfare," they belong. In any event we would retain the Public Health Service in the new Department irrespective of the ultimate disposal of the hospital functions.

We have given our reasons for this recommendation elsewhere<sup>1</sup> and will refer only briefly to them here.

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<sup>1</sup> See our separate statement in the Commission report on Medical Activities.

### *Recommendation No. 1*

We recommend that the present grouping of the health functions of the Federal Security Agency with related educational and social security functions should be continued and strengthened by placing all such functions in a Department of Welfare.<sup>2</sup>

The functions and agencies now included in the Federal Security Agency constitute a sound and desirable grouping for purposes of administration. Broadly speaking, these functions comprise segments of the general public purpose of promoting the social well-being of the people; or, to put it another way, of conserving and developing the human resources of the Nation.

The programs administered by the Agency are in large part directed toward assisting State and local health, education, and welfare agencies through grants-in-aid for public health services, vocational education, vocational rehabilitation, public assistance, and child health and welfare services. Hand in hand with the programs of financial aid go research and promotional programs in the same fields, with the Federal Government conducting—and also helping the States and others to conduct—studies, investigations, and demonstrations aimed at increasing our knowledge of human health, educational, and social security needs.

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<sup>2</sup> We agree with the recommendation in the Commission report that the unemployment compensation and employment service functions should be transferred to the Department of Labor. They are "labor" functions, not "welfare" functions.

Further, the Agency administers several wholly Federal programs, including those in the social insurance field such as the old-age and survivors insurance program and the various Federal workmen's compensation laws.

The activities included in the functional fields of the Agency are related and interwoven at almost every point. This is especially true in the interrelation between the general health functions and the other functions of the Agency. Even a superficial examination of the Federal Security Agency's activities will show clearly how they continually overlap and cut across the major functional fields of health, education, and security.

For example, the maternal and child health and crippled children's programs of the Children's Bureau assist the States to finance services which fall in large measure in the field of health, but also in the fields of education, welfare, and social security. The vocational rehabilitation program successively involves the physical restoration, vocational training, and economic security of handicapped individuals. Problems of the aged and the blind are as much health problems as they are welfare, public assistance, and vocational rehabilitation problems, and receive the attention of the Bureau of Public Assistance, the Office of Vocational Rehabilitation, and the Public Health Service.

Conversely, the activities of the Federal Security Agency in the field of health research, health promotion, and health grants-in-aid depend upon, and in turn affect, the other fields for which it is now responsible. Medical research and pro-

professional training in the health fields are as much problems for the educators as they are the concern of health administrators. Preventive public health work depends for effectiveness on community education through schools, welfare agencies, and otherwise. Child life and development programs cannot operate effectively in the community without local public health units to which they can be attached as a specialized branch.

Such instances of the functional interrelationships among the existing health, education, and security programs of the Federal Security Agency can be multiplied many times over. One need not be an expert to understand that an individual's health, education, and security are inseparable. The professions themselves recognize it as axiomatic. The doctor is the first to point out that ignorance and poverty are as much foes of health as infection and physical degeneration; the teacher, that education cannot make headway against illness and hunger and fear; the social worker, that without health and training the combined efforts of the individual and society can achieve only a meager or precarious security.

The interrelationship and interdependence of health, education, and security are equally self-evident when we deal with governmental organization as when we discuss the well-being of the individual.

Coordination, through an integrated executive department, of the major health, education, and security functions of the Federal Security Agency becomes all the more important when we consider the impact of these functions upon State

and local policies and operations in these fields. At the Federal level general health functions—apart from the direct operation of hospitals—and education and welfare functions are primarily research, promotion, and the administration of grants-in-aid. Direct operations are in the hands of State, local, and private organizations. To the extent that responsibility for Federal administration of these grants is divided, the States and communities will be confronted with conflicting and competing policies, and with inconsistent and overlapping reporting, accounting, and other administrative controls. Some of this is unavoidable in view of differences in the statutory authorizations for the various programs. But much has been and more can be accomplished through top-level coordination of fundamental grant policies and procedures as applied in all the grant and promotion programs.

Coordination at the Federal level is the key to balanced, economical, and effective State and local programs in the health, education, and social security fields, as well as the key to effective Federal administration.

### *Recommendation No. 2*

We recommend that the Assistant Secretaries should be "generalists," not "specialists." No restrictions by way of professional qualifications should be placed upon the President in appointing these officers.

Almost all of the existing programs are characterized by a high degree of professionalism. In addition, the Office of

Education, Office of Vocational Rehabilitation, Public Health Service, Bureau of Public Assistance, and Children's Bureau all administer grants or payments to the States and generally function in areas in which the States have major responsibilities and programs for direct operations. This exerts a tremendous centrifugal force contrary to the need for coordination and direction by the head of the agency. The incentive for the bureaus within the agency is for an alliance with their counterparts on the State and local levels in order to influence directly programs and appropriations, for more independence on the Federal level, and consequently for less responsibility to the President and the Congress.

To enable him to meet his responsibilities, the Secretary should have full discretion as to the assignment of duties to Assistant Secretaries. He should *not* be hampered by statutory provisions which, directly or by inference, assign the supervision of various agencies of the Department to specific Assistant Secretaries. Such provisions would tend to break the Department into a group of independent baronies.

Assistant Secretaries appointed to represent their respective professions are not likely to be very helpful to the Secretary in the all-important task of giving a common direction to the several professional points of view within the new Department. They would insert an unnecessary administrative layer between the Secretary and the chiefs of the operating bureaus who would normally be career men in the professions involved. The establishment of Assistant Secretaries for specific fields would largely duplicate the positions of



bureau chiefs such as the Commissioner of Education and the Commissioner for Social Security.

There are objections perhaps even more fundamental. Of course, professional skills play a vital role in this area. But governmental programs must be administered to serve the citizen, not exalt the professional. It is the well-being of the individual, not control by doctors, educators, or social workers, with which the Government's health, educational, and social security functions are primarily concerned.

## Use of Advisory Bodies

### *Recommendation No. 3*

We recommend that Congress limit the establishment by statute of advisory bodies to the instances where very special circumstances warrant their creation. In those special instances, the statutory authorization should confine itself to authorizing in general terms the creation of such a body by the responsible administrator—the head of the department.

The membership of such bodies should be flexible and not completely specified by statute. Such bodies should be appointed by, be advisory to, and serve at the pleasure of, the department head. The advisory group should be advisory and not wield any administrative or rule-making authority. This is in accord with the general principles stated in the first report of the Commission.

This area of Government is characterized by a plethora of such advisory bodies, established by statute on an extremely specialized basis and exercising varying degrees of authority. The outstanding example is the Public Health Service, with a statutory advisory council of specialist doctors for almost every program it administers. Most of these councils are set up by types of disease or specialty within the medical profession such as cancer, mental health, heart disease, etc. In one case—the hospital construction program—the “advisory” group can actually override the decision of the Surgeon General and, by approving a previously disapproved hospital plan, commit the expenditure of public funds.

Consultation with affected and interested groups is a part of responsible, democratic administration. Such advisory groups in limited number are useful for purposes of getting outside advice and views. But statutory standing connotes something more than mere advice, since an administrator already has sufficient authority to appoint such bodies. In addition, when such bodies are established by specialty such as mental health or heart disease, they lose their broad representative character and are destined to push a special point of view. It is unsound and uneconomical administration to assume that the encouragement of special interests will fulfill the general interest.

## Bureau of Employees' Compensation

### *Recommendation No. 4*

We recommend that the Bureau of Employees' Compensation be retained in the new Department of Welfare where it can be closely associated with other Federal social insurance programs.

We do not agree with the Commission report as to this Bureau. The Bureau administers the various Federal workmen's compensation programs of the Federal Government—those covering Federal employees, longshoremen and harbor workers (not protected under maritime liability laws or State workmen's compensation acts), persons in the District of Columbia, and miscellaneous groups.

No substantial reasons are advanced by the majority for transfer of the functions of this Bureau to the Department of Labor. These workmen's compensation functions bear not the slightest resemblance—in major purpose, in method of operation, in groups protected, or otherwise—to any existing operating program of that Department. They bear only superficial resemblance to the unemployment compensation grant-in-aid program which we recommend be transferred to Labor. Determination of the nature and extent of disablement for disability benefits involves considerations wholly dissimilar to those involved under unemployment compensation laws in determining an unemployed individual's willingness and readiness to work and the amount of benefits payable to

him. Moreover, the Bureau of Employees' Compensation operates a wholly Federal program, not a grant-in-aid Federal-State program. A workmen's compensation program has little, if any, relation to employment service activities. Labor-management relations, except possibly in the field of safety promotion, play no part in its operation.

On the other hand, workmen's compensation is our oldest form of social insurance. The Bureau administering Federal workmen's compensation laws logically belongs with the agency primarily responsible for the Government's other programs in the social insurance field, particularly if proposals for social insurance against loss of wages due to any disability are enacted into law. In its manner of operation, as well as its basic objectives, it resembles most closely the old-age and survivors' insurance program now in the Federal Security Agency. It must maintain close relationships with the Office of Vocational Rehabilitation in that Agency, and it leans heavily on the Public Health Service in making determinations of the extent of disablement and proximate cause of disability and death in cases of Federal employees.

DEAN ACHESON,  
*Vice Chairman.*

GEORGE D. AIKEN,  
JAMES H. ROWE, JR.,  
*Commissioners.*



## Additional Comments by Commissioners Pollock and Rowe

The Food and Drug Administration should remain, as a unit, with the other public health activities unless, and until, careful study shows its functions should be placed elsewhere.

Under the majority opinion, the food aspects of the Food and Drug Administration would be split away and assigned to the Department of Agriculture; the drug aspects would be transferred to a proposed Bureau of Health. This recommendation apparently results from the association of the word "food" with agricultural and processing programs, and the association of the word "drug" with health matters.

The real basis for grouping functions is the one emphasized by this Commission in its first report on "General Management of the Executive Branch"—on the basis of "major purpose."

The major purpose of the Food, Drug, and Cosmetic Act and the basic concern of the Food and Drug Administration *is to protect the consumer*. This is accomplished at present under a unified program designed to safeguard the consumer against: Economic cheats (misleading and deceptive labels, substitution of cheaper ingredients, short weight); filth and other extraneous or obnoxious materials; harmful products

or products containing harmful ingredients; and drugs and devices for which false curative claims are made.

The Food and Drug Administration has a single corps of inspectors and chemists whose assignments are interchangeable among food, drug, cosmetic, and other aspects of its work. The same group of inspectors and chemists in a field station can now concentrate on a food project which is "in season" and can move thereafter to a drug or cosmetic project without slack work periods or seasonal inactivity. Common skills and processes are involved in the inspections and laboratory investigations essential to effective enforcement. There is a common system for selecting, training, and developing the scientific, technical, and administrative personnel required in the Administration's work. Trade and business relations regarding food, drug, and cosmetic matters are similar. Relationships with the United States District Attorneys, the Department of Justice, and the Federal Courts are the same for the enforcement of the law with respect to either foods, drugs, cosmetics, or therapeutic devices. Identical techniques also apply to the control of the import of all these commodities.

The splintering apart of the Food and Drug Administration, at least on the basis recommended by the Commission, would create—rather than eliminate—duplication and overlapping of services, activities, and functions. The one common system of Washington and field laboratories and the one common and interchangeable professional staff of chemists and inspectors that now serve the Food and Drug Administra-

tion would be supplanted by two systems of laboratories and two staffs. These two separate staffs, working independently of each other, would be without the flexibility and economy of work assignment permitted under existing arrangements. Furthermore, the basic law enacted in 1906, and revised in 1938, has many identical provisions applying uniformly to food, drug, and cosmetic products. It would be chaotic if the provisions of this law were separately applied by two different agencies.

No substantial evidence has been presented and no convincing case has been made for splitting the Food and Drug Administration's work and dividing it as proposed in the Commission's report. There is no claim that such action would eliminate duplication of effort. No evidence has been presented to indicate that such action would result in more effective consumer protection or in more economical or efficient operation.

This is not to say that we believe there are no organizational problems in this most complex field. There are duplications, overlaps, and inconsistencies between Food and Drug, the Federal Trade Commission, the Department of Agriculture, and the Antitrust Division of the Department of Justice. As individual Commissioners, with insufficient staff at our disposal, we are unable to point the way to improvement. But until that way is carefully and thoroughly documented, we feel it is wiser to leave things as they are.

JAMES K. POLLOCK,  
JAMES H. ROWE, Jr.,  
*Commissioners.*



## Related Task Force Report

The Commission has printed the complete task force report on Welfare Activities and submits it to the Congress as Appendix P.

### Acknowledgment

The Commission wishes to express its appreciation to the following persons on the task force:

DR. LEWIS MERIAM, vice president, the Brookings Institution.

DR. HOLLIS P. ALLEN, education aspects—Claremont Graduate School, California.

DR. AVERY LEISEN, employment aspects—University of Chicago.

# Indian Affairs

*A report to the Congress by the Commission on  
Organization of the Executive Branch of  
the Government, March 1949*

The Commission on Organization of The  
Executive Branch of the Government

HERBERT HOOVER, *Chairman*

DEAN ACHESON, *Vice Chairman*

ARTHUR S. FLEMMING

JAMES FORRESTAL

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## Letter of Transmittal

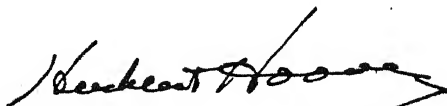
WASHINGTON, D. C.,

18 March 1949.

DEAR SIRs: In accordance with Public Law 162, Eightieth Congress, approved July 7, 1947, the Commission on Organization of the Executive Branch of the Government has examined into executive functions and activities. Herewith is submitted to the Congress, the Commission's report on Indian Affairs. The task force report is submitted separately in typescript.

The Commission wishes to express its appreciation for the work of the task force on Indian Affairs and for the cooperation of the officials of the department concerned with this report.

Respectfully,

A handwritten signature in dark ink, appearing to read "Herbert Hoover", with a long, sweeping horizontal stroke extending to the right.

*Chairman.*

*The Honorable*

*The President of the Senate.*

*The Honorable*

*The Speaker of the House of Representatives.*



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## Indian Affairs

The difficulties that face the Federal Government in guiding the affairs of the American Indians have been emphasized by recent crises. For example, the Navajo Nation, comprising some 55,000 Indians in New Mexico, Arizona, and Utah, is in severe financial straits that have caused widespread malnutrition and starvation. This has occurred at a time when the United States as a whole is enjoying prosperity and virtually full employment.

Many other Indian groups, among the estimated 400,000 in the United States face similarly severe conditions. Their standard of living is low and there is a serious problem in maintaining their health. Educating them properly has proved extremely difficult. Assistance and guidance to them has been a knotty and continuing problem of the Federal Government, whose Bureau of Indian Affairs in the Department of the Interior, has direct responsibility for their welfare.

### Varying Policies

The Federal Government's policy toward the Indians has varied sharply with changing conditions.

In the early days of the Republic, attention focused on the serious military threat which the Indians presented.



Through the Civil War and decades immediately following, the Indians were progressively evacuated westward; the military problem was isolated in specific areas. Eventually, it ceased to exist.

Concentration of the Indians on reservations was an integral part of Federal efforts to end their forays and wars. As the years passed, however, the reservations became the land base from which Indians extracted their living. The policy of the Federal Government has always revolved about these reservations, their use, and their disposition.

In the first quarter of the present century, the Federal Government encouraged a program of allotting tribal lands to individual Indians, but insufficient consideration was given to the capabilities of the individual Indian, or to the economic value of the lands. Since the late 1920's, the Federal Government has ceased pressing a liberal allotment policy. The Indian Reorganization Act of 1934 extended the Federal trust period indefinitely and made possible the addition of lands to tribal holdings. Loans to Indians were authorized, and the growth of Indian culture encouraged.

In very recent years, the policy of the Bureau of Indian Affairs has been directed more and more toward gradual integration of all Indians into the general population and economy, along the lines recommended by this Commission.

### The Indian Population

The Indian population is no longer a pure ethnic group. Rather it represents a melange of "full bloods" and persons

of mixed ancestry. Persons classified as Indians under Federal policy and participating in tribal organizations are in many cases not Indians in the complete biological sense. This is illustrated by the following definition of "Indian" taken from the Indian Reorganization Act of 1934, the most recent definitive statement of Federal policy toward the Indians . . .

. . . The term "Indian" as used in this act shall include all persons of Indian descent who are members of any recognized Indian tribe now under Federal jurisdiction, and all persons who are descendants of such members who were on June 1, 1934, residing within the present boundaries of any Indian reservation, and shall further include all other persons of one-half or more Indian blood. For the purpose of this act, Eskimos and other aboriginal peoples of Alaska shall be considered Indians.

Government records recognize more than 100 tribes under distinct names and approximately 300 other groups who are separated either geographically or by linguistic stock. The larger groups are located as follows: Oklahoma, 110,000; Arizona, 55,000; New Mexico, 43,000; South Dakota, 30,000; North Dakota, 12,000; California, 24,000; Montana, 18,000; Minnesota, 18,000; Washington, 15,000; Wisconsin, 13,000; New York, 9,000; Oregon, 5,500; Nevada, 5,600; Michigan, 5,200; and more than 30,000 in Alaska. The Indians' cultural and economic advances vary widely because of many special circumstances—land holdings, utility of land, and others.

## Federal Administration

The Bureau of Indian Affairs is charged with Federal responsibility for the Indians. It employs approximately 12,000 people; it administers approximately 5,000 statutes and 370 treaties; it operates schools and hospitals; it supervises land and management; it constructs irrigation projects; it builds roads and buildings; it assists in the growth of the political life of the Indian communities; and it handles a multitude of related activities reaching down into the most minor facets of the life of the individual Indian.

Expenditures from the Federal Treasury on Indian affairs are difficult to compute, because so many Federal agencies participate in Indian activities, and because substantial expenditures are made from trust funds, tribal funds, and other special accounts on their behalf. Appropriations to the Bureau of Indian Affairs are now in the neighborhood of \$40,000,000 per annum, more than twice what they were 20 years ago. Prorating this amount on a per capita basis, these direct appropriations amount to approximately \$100 per Indian. As compared with a Federal budget of \$40,000,000,000, these amounts are not large, but Indian relations, from the viewpoint of the individuals involved, is a difficult and, at times, a heart-rending personal problem. Given the apparent inability of the Federal Government—over a period of more than 100 years—to free itself from responsibility for their activities, the problems loom large indeed.

The following sections of this report are devoted to the commission's analyses and recommendations regarding the conduct of Indian affairs by the Executive Branch of the Government.

### *Recommendation No. 1*

Our Task Force on Indian Affairs, supported by a considerable body of thought both inside and outside the Government, advocates progressive measures to integrate the Indians into the rest of the population as the best solution of "the Indian Problem." In the opinion of the Commission this policy should be the keystone of the organization and of the activities of the Federal Government in the field of Indian Affairs.<sup>1</sup>

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<sup>1</sup> **DISSENT:** Vice Chairman Dean Acheson dissents in part in a statement on p. 77. Commissioner James H. Rowe, Jr., concurs in the dissent, p. 79. Commissioner James Forrestal dissents on p. 80.



## Proposed Federal Policy

A program for the Indian peoples must include progressive measures for their complete integration into the mass of the population as full, tax-paying citizens. The Commission has recommended that this be the firm and continuing policy of the Federal Government.

### *Recommendation No. 2*

The Commission recommends that, pending achievement of the goal of complete integration, the administration of social programs for the Indians should be progressively transferred to State governments.

The States should receive appropriate recompense from Federal funds until Indian taxes can help carry the load. The transfer to the States should be accompanied by diminishing activities by the Bureau of Indian Affairs.

### *Recommendation No. 3*

The Commission recommends that all agencies concerned with Indian affairs, including State and local governments, should take part in comprehensive planning of programs to carry out this policy.

#### *Recommendation No. 4*

The Commission recommends that the objectives of the proposed joint planning should include:

- a.* Adequate education for the entire Indian population.
- b.* An adequate standard of living.
- c.* Progressive reduction of mortality and morbidity rates.
- d.* Progressive transfer of social program responsibilities to the State and local governments, as recommended above.
- e.* Ultimate transfer of responsibility for medical services to local governments or to quasi-public bodies.
- f.* Transfer of tribal property to Indian-owned corporations.
- g.* Participation of Indian people in political and civic life of the States.
- h.* Termination of tax exemption for Indian lands.

All programs should be specific and definite dates should be set for the attainment of each major element. Costs should be estimated carefully and each area program should be subject to approval by the Commissioner of Indian Affairs, by the Department head to whom he is responsible, and by the Congress.

### *Recommendation No. 5*

The Commission recommends that, in addition to these general efforts to improve the Indian's lot, the program of assistance toward economic stability have two parts:

- a.* Young employable Indians and the better cultured families should be encouraged and assisted to leave the reservations and set themselves up on the land or in business.
- b.* Tribal and Indian enterprises should be put on a corporate or cooperative basis as far as possible.

### *Recommendation No. 6*

The Commission recommends the following steps be taken to establish such business enterprises:

- a.* Each important enterprise should have its own charter and board of directors.
- b.* Basic policies and objectives should be incorporated in the charter.
- c.* Members of the board of directors should be preponderantly drawn from the Indian community and should be held financially accountable.
- d.* Other members of the board should be appointed because of their business or technical competence.
- e.* The creation of such corporations should be a part of the comprehensive program for each area.



- f. As such corporations are set up and begin to function successfully, administrative supervision by the Indian Bureau should be relaxed and eventually discontinued.
- g. The accounts of these corporations should be audited annually.

The corporate device is recommended as valuable in ending the troublesome problem of "heirship" lands, which frequently cannot be utilized because so many heirs share the ownership that they cannot agree on operations.

The Commission recommends that steps be taken to strengthen the elected tribal councils on reservations and to make them more representative. Effective leadership should be strengthened; and tribal government should be regarded as a stage in the transition from Federal tutelage to the full participation of the Indians in State and local government.

## Administrative Recommendations

### *Recommendation No. 7*

Superintendents are shifted too often from one area to another. The Commission recommends:

- a.* That a superintendent who is inadequate or inefficient be disciplined and the policy of undue leniency in this regard be abandoned.
- b.* That the Washington office use more personnel with field experience.
- c.* That each superintendency have a range of at least two grades under the Classification Act to allow promotion based on merit at any given post.<sup>2</sup>

### *Recommendation No. 8*

The Commission further recommends:

- a.* That the Commissioner of the Bureau of Indian Affairs be a professional, permanent administrator; that, since the department head to whom the Indian Service is attached must assume political responsibility, he appoint the Commissioner.

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<sup>2</sup> DISSENT: This is a matter of administrative determination which should be decided on the basis of a classification study. I do not think the task force was competent to judge in such a matter and the Commission certainly should not make such a recommendation.

JAMES K. POLLOCK,  
*Commissioner.*

*b.* That budget and appropriations be made upon the basis of area programs.

*c.* That the Commissioner of Indian Affairs be free to organize the Service. However, consolidation of field jurisdiction should not be carried too far, and the emphasis should be on geographic areas suitable for programming. Greater authority for administration should be delegated to the superintendents.

All of these suggestions are aimed at greater local autonomy. Frequent, close, and personal supervision, adequate reports, and systematic audits will be necessary.

## Transfer of the Bureau of Indian Affairs

### *Recommendation No. 9*

The Commission recommends that, pending discontinuance of all specialized Indian activity on the part of the Federal Government, the Bureau of Indian Affairs be transferred to the new department which we have proposed as the successor to the Federal Security Agency, thereby associating it with the new department's social services.<sup>3</sup>

Federal appropriations for the Indian Bureau over the last 20 years have allocated more than 50 percent to welfare aspects of the Indian problem. The new department is best equipped to handle activities designed to assist the Indians as individuals.

Administratively, the new department will also be the Federal agency having direct contact with State welfare and education officials. More recently the Federal Security Agency has undertaken, in addition to its traditional relations with State agencies, programs of grants to the States for activities within its scope.

The professional skills and administrative relationships possessed by the new department should afford the best

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<sup>3</sup> Commissioner James H. Rowe, Jr., states doubts regarding these recommendations in a dissent on p. 79.

direction for handling the Indian problem, recognizing: (a) That the executive branch lacks any agency concerned with the political organization of ethnic groups, and (b) That any location of the Bureau of Indian Affairs leaves problems of interdepartmental coordination.

Existing conditions which prompt transfer of the Bureau are, briefly:

### Education

Improved educational conditions are recognized as a means of increasing earning power. The average 1946 income of Indian farm families was less than \$1,000 and probably only about one-third that of non-Indian farm families.

The real problem of education is not in areas where public schools are available. It lies in those areas where Indian children are not being educated at all, where school facilities cannot take care of children who can and would attend. Buildings and teachers are inadequate. This denial of schooling to the Indians is inconsistent with all Federal Government commitments. New schools and new school methods are required.

### Social Problems

Integration of the Indians depends, at least in part, on programs of social security which fall naturally within the scope of the Social Security Administration's various social services.

While the Commission urges transfer of the Bureau of Indian Affairs to the new department which we have proposed, for the reasons outlined, there are certain important activities of the Bureau relating to the economic status of the Indian which must be coordinated with the existing programs of other departments.

The Indian economy is now based almost exclusively on land, whether through direct management or by lease. More than this, it is for the most part a Western land economy—farming, stock raising, and forestry—heavily dependent on irrigation. Federal assistance to the Indian for irrigation, timber management and grazing will necessarily be part of the total program. This involves both the Department of Interior and the Department of Agriculture which will have to offer greater assistance to Indian owner-operators than to other private land owners.

### Coordination With Other Departments

The location of the Bureau of Indian Affairs in the Interior Department has facilitated integration of land programs with general resource development. It appears to the Commission, however, that the location of the Bureau within this department has not yielded a proportionate return on the Government's investment in the Indians as a people, particularly those appropriations for health, welfare, and general vocational education.

Cooperative action between Interior, Agriculture, and the new department, can be mapped out when area programs for the Nation's Indian population are approved by the Congress. Area programs should be planned by Bureau superintendents with the field representatives of the Departments of Interior and Agriculture in consultation with tribal authorities and State and local officials.

Some of the activities to be coordinated and their present locations are: <sup>4</sup>

DEPARTMENT OF AGRICULTURE.—(a) Technical Assistance: Extension services of the Department could be of inestimable value to Indian farmers and they should be an integral part of the Department's continuing activities in co-ordination with the Indian Bureau's comparable functions; (b) Soil Conservation: Prevention of erosion and improved soil conditions are vitally needed on Indian lands, requiring the guidance of experienced personnel of the Department of Agriculture; (c) Credit Problems: The Department of Agriculture's standard techniques in handling the problem of credit and related subjects can also be applied to assist Indian farmers and grazers; (e) Timber: Guidance and supervision of growth and cutting for sustained yield must be continued.

DEPARTMENT OF THE INTERIOR.—(a) Irrigation: Indians have little experience with irrigated land and need assistance

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<sup>4</sup> Various of the listed activities would be shifted to other departments if the Commission's reports on reorganization of the Departments of Agriculture, Commerce, and Interior are carried out.

and guidance; (b) Grazing: Present policies must be continued to prevent over-grazing and to improve range capacity; (c) Fish and Wildlife: These resources must be protected on Indian territory while it remains part of the public lands of the United States; (d) Mineral Rights: Exploitation of mineral resources must be guided in the interests of the Indians individually and of the Nation as a whole.

In another report the Commission has recommended an executive mechanism which can be charged with the task of integrating all major resource programs, including the entire Indian program, among participating departments.

### Savings

An ultimate substantial reduction in Federal expenditures in the field of Indian Affairs is possible, if the recommendations of this report are carried through. No immediate cuts can be made, however, without delaying progress and postponing the time when expenditures can be curtailed substantially. In the end, the residual Federal expenditures for Indian affairs should be quite small.

When the trust status of Indian lands has ended, thus permitting their taxation, and surplus Indian families have established themselves off the reservations, special Federal aid to State and local governments for Indian programs should end. The Indians will have been integrated, economically and politically, as well as culturally.



The length of time before expenditures can be reduced, without building up future costs, will depend largely on the vigor with which the program outlined here is pushed. A clear and consistent policy, leadership and stable financial support will be essential.

## Dissents of Commissioners

### Dissent by Vice Chairman Dean Acheson

The Commission recommends the transfer of the Bureau of Indian Affairs to the Federal Security Agency or its successor. It recommends also necessary improvement in the education and public health facilities provided for Indians.

But the Commission goes beyond these recommendations for reorganization and improved efficiency and outlines objectives and purposes for an Indian policy. We are to integrate the Indian, remove "surplus" Indians from Indian lands, put the lands into private, individual, or corporate ownership, remove tax exemption, and, as soon as possible, merge the Indian, his life and lands with those of the people of the State where he resides, subject entirely to State jurisdiction.

These recommendations seem to me beyond our jurisdiction. If they are said to fall within it because they abolish functions of the executive branch, it is equally true that they change substantive legislative policy established by the legislative branch. We have neither the right nor the duty to enter this field. On occasion common sense may tell us not to draw too fine a line.

But, for me, this is not such an occasion. I have not the knowledge nor the time, in view of the vast amount of material before this Commission, to acquire it, to pass judgment

whether the policy recommended is wise, just, and understanding. Recollections of the painful history which surrounds the cases of *The Cherokee Nation v. The State of Georgia* (5 Peters 1) and *Worcester v. Georgia* (6 Peters 534), make a novice in this field pause before endorsing a recommendation to assimilate the Indian and to turn him, his culture, and his means of livelihood over to State control.

## Dissent by Commissioner James H. Rowe, Jr.

I wish to be recorded as agreeing with Mr. Acheson in his dissent, and also to make a further comment:

There are many administrative questions pertaining to the Indian Service which the Commission report has ignored. Among them for instance is the very important question of the 50 million acres of Indian lands, interspersed with forest and range lands. Elsewhere we have recommended consolidation of the Forest Service and the Grazing Service, primarily because these lands are intermingled and should be under the supervision of one agency, not two. If the Indian Service is to be moved we create anew a mistake we have just rectified, a new duplication for an old.

Perhaps the Indian Service should remain where it is or perhaps it should be moved. Because the task force report has not sufficiently discussed such balance of interests as the land problem, which argues for no removal, against the virtues to the Indians of a new Social Security Agency, I am unable to form a reasoned judgment. If it is moved, there are certain to be most difficult coordination functions of land management between the two departments.

### Dissent by Commissioner James Forrestal

The task force on Indian Affairs and the Commission members in this report adopt the policy that assimilation is the first step in the solution of "The Indian Problem." Without any consideration of those who opposed the forced assimilation of the Indian and in disregard of the fact that a controversial matter of substantive Congressional policy is involved, this step is boldly taken and most of the recommendations are contingent upon a policy of assimilation. I feel that this Commission, established as it was to examine into the organization of the executive branch of the Government, lacks both the competence and authority to make this basic policy decision. I, therefore, dissent from this report and that of the task force.

## Related Task Force Report

Submitted separately to the Congress in typescript is the task force Report on Indian Affairs.

### Acknowledgement

The Commission wishes to acknowledge the able service of the task force on Indian Affairs, comprising:

#### Chairman

GEORGE GRAHAM, Professor, Department of Political Science, Princeton University.

#### Committee

JOHN R. NICHOLS, President, New Mexico College of Agriculture and Mechanic Arts.

CHARLES J. RHOADS, former Commissioner of Indian Affairs.

REV. DR. GILBERT DARLINGTON, Treasurer of the American Bible Society.

U. S. GOVERNMENT PRINTING OFFICE: 1949

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# *Functions and Activities of the National Government in the Field of Welfare*

A REPORT WITH RECOMMENDATIONS

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P R E P A R E D F O R

THE COMMISSION ON ORGANIZATION OF THE  
EXECUTIVE BRANCH OF THE GOVERNMENT

---

by

The Brookings Institution

2 APR 1937



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## Letter of Transmittal

WASHINGTON, D. C.,  
13 January 1949.


DEAR SIRs: In accordance with Public Law 162, approved July 7, 1947, the Commission on Organization of the Executive Branch of the Government has undertaken an examination into the operation and organization of the executive functions and activities. In this examination it has had the assistance of various task forces which have made studies of particular segments of the Government. Herewith, it submits to the Congress a study prepared for the Commission's consideration of the Field of Public Welfare.

The study of each task force naturally is made from its own particular angle. The Commission, in working out a pattern for the executive branch as a whole, has not accepted all the recommendations of the task forces. Furthermore, the Commission, in its own series of reports, has not discussed all the recommendations of an administrative nature although they may be of importance to the officials concerned.

The Commission's own report on Public Welfare is submitted to the Congress separately.

The Commission wishes to express its appreciation to the Brookings Institution for preparation of this task force study.

Faithfully,



*Chairman.*

*The Honorable  
The President of The Senate.*

*The Honorable  
The Speaker of The House of Representatives.*



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## Letter of Submission

THE BROOKINGS INSTITUTION,  
Washington 6, D. C., November 10, 1948.

HON. HERBERT HOOVER,

*Chairman, Commission on Organization of the Executive  
Branch of the Government,  
Washington, D. C.*

MY DEAR MR. HOOVER. In compliance with an agreement between the Commission on Organization of the executive branch of the Government and the Brookings Institution dated January 12, 1948, I transmit herewith a report entitled "Functions and Activities of the National Government in the Field of Welfare."

The report is divided into six parts, as follows:

ONE. General Introduction and the Question of Departmentalization.

TWO. Functions and Activities in the Field of Health.

THREE. Federal Policy and Organization for Education.

FOUR. Federal Activities and Organization in the Field of Employment.

FIVE. Relief and Social Security.

SIX. Recreational Activities of the Federal Government.

Each of the parts dealing with a distinctive function was prepared in first draft by a person specializing in that particular field, in some cases with assistants. The various parts were later read, revised, and in some cases condensed by other members of the staff. The persons who prepared the initial draft were:

*Health.*—George W. Bachman of the regular staff of the Institution, assisted by Miss Amy Tapping and in cooperation with the Committee on Medical Care of your Commission.

*Education.*—Hollis P. Allen, head of the Graduate School of Education at Claremont College, specially retained by the Institution for this study. He was assisted by Mrs. Janet D. Allen, John Edgerton, and in the condensation of the report by Gordon Lee, assistant professor of education at Claremont College.

*Employment.*—Avery Leiserson of the Department of Political Science of the University of Chicago, specially retained by the Institution for this project.

*Relief and Social Security.*—Lewis Meriam of the regular staff of the Institution.

*Recreation.*—Miss Amy Tapping, specially retained. The Federal Inter-Agency Committee on Recreation kindly supplied a large part of the material upon which this brief report was based.

Charles A. H. Thomson of the regular staff assisted in the review and revision of several of the parts.

Part III, Federal Policy and Organization for Education, as here submitted, is a condensation of a more detailed manuscript prepared by Dr. Allen. The full text of the original is available if the Commission desires it.

In transmitting this report I wish to express our appreciation of the cooperation and many courtesies extended to us by the staff of the Commission on Organization.

Yours very truly,

HAROLD G. MOULTON,  
*President.*

**Part One**

**GENERAL INTRODUCTION AND THE QUESTION  
OF DEPARTMENTALIZATION**



## Chapter I

### GENERAL INTRODUCTION

According to the terms of the contract between the Committee on Organization of the Executive Branch of the Government and the Brookings Institution this report deals with the functions and activities of the Federal Government in the field of welfare which includes such activities as education, health, employment and relief, and social security.

Each of the terms thus used in defining welfare applies to a well-recognized, distinct, and in many respects separate function of government. A common practice in government—National, State, and local—in higher educational institutions and in professional writings is to treat each one as distinct. The four functions are, however, interrelated, at some points intimately. As the National Government has given more and more attention to these functions and has sought in part through grants-in-aid to stimulate, if not in some degree to control, State and local activities with respect to them the interrelationships have become of vastly increased significance.

Activities in each of these functions have a direct impact on the individual citizen. To no small extent his life is the resultant of the forces of health, education, employment, and social security. In the individual the interrelationships are so complex that separation is impossible. Thus it is becoming increasingly apparent that government must give thought to interrelationship. Thus the National Government in dealing with the States must have balanced programs in its efforts to help individuals attain and maintain social and economic balance.

In the present report each of these major functions, and recreations, is made the subject of a separate part. Each of the parts looks two ways: Outward toward other agencies and activities of government in fields related to it, and intensively inward at the agencies and activities of government in the specific field.

Part one of the report deals with a single over-all issue which affects all the welfare functions of government, "The Question of Departmentalization." The word "question" is used for two major reasons:

The first is that many issues with respect to departmentalization

depend on the extent to which the Commission proposes to go in recommending the development of a general agency of administration under the President. Such an agency might be responsible for making recommendations to the President for coordinating the activities of the several departments. With such an agency strong and well staffed the number of separate departments would be much less important than it is when chief reliance for coordination is placed on departmentalization of the operating agencies. Our observations over the years have led us to the belief that coordination is primarily a problem of day-to-day management and could best be served by a well-developed staff agency under the President to make recommendations to him. Tradition, however, tends to favor reliance on departmentalization. In presenting "The Question of Departmentalization" we have attempted to set forth the issues and the arguments for and against.

The second reason for using "question" is that no definite clear-cut line divides the functions and activities of a Federal Security Agency from a Department of Labor. The location of the Employment Service and of Unemployment Compensation, to be specific, remains debatable so long as these two distinct departments are continued. Questions of distinctly political policy are involved which have only recently been passed upon by the Congress. A possible solution, again involving political policy, would be to combine the two departments. On such issues of political policy the factors may be clear but individuals will differ as to the relative weights to be attached to them. Under such circumstances our objective in a strictly institutional report is to define as clearly as possible the issues which have to be faced by officials charged with the duty of determining political policy.

One other matter requires emphases in the introduction to the report as a whole.

Three of the present reports, namely those on health, education, and relief and social security, deal with Federal grants-in-aid, made for special narrow programs or categories. In each of these fields, the conclusion was reached that better balance and better Federal-State relationships would be attained if the National Government made what are termed block grants for each of the fields—health, education, and public assistance—and if the States were given freedom, within reasonable restrictions, to determine the distribution of the grant by activities within the general field. In no instance did a member of the group favor a single grant covering all the welfare functions combined.

The present report does not go into the question of the ability of the several States independently to support the necessary functions and activities of government according to reasonable minimum standards; nor into the related question of how far the necessity for Fed-

eral grants could be reduced by a proper allocation of sources of revenue and taxes between the National Government and the States. It may be said, however, that preservation of the Federal form of Government, as distinct from a centralized government would be promoted by proper allocation of revenues and taxes. If national policy calls for minimum standards of activity by the States within a particular field, a Federal offset tax is to be preferred to a conditional grant-in-aid. If preservation of cooperative federalism is the objective, Federal grants-in-aid should be used primarily for enabling the financially poorest States to give services up to at least a reasonable minimum standard.

This concept of the use of grants-in-aid for equalization means that all grants whatever their purpose should be made in the light of the capacity of the several States to support all necessary functions of government according to a reasonable minimum standard. What the National Government needs in reaching decisions with respect to policy is a statement of current receipts and expenditures of the several States with appraisals on the revenue side of further capacity to pay, if any, and on the expenditure side of the extent and adequacy of the activities of the State and local governments. A single thorough report prepared by a single objective Federal agency should meet all needs for the basic facts. It is neither necessary nor desirable that each department or agency promoting a grant-in-aid program should make a separate independent appraisal nor should grant-in-aid laws be passed without real consideration of the need for extending help to the States.

If a general overhead coordinating agency of general administration is created it might well be responsible for these studies necessary for appraising the needs of the States. If not, the duties might well be assigned to the Treasury Department, or possibly to the Bureau of the Census. The present activities of the Census Bureau with respect to State and municipal finances should be carried on by the agency which is responsible for the investigations to determine the financial capacity of the States to support the necessary functions of government. In our judgment such studies as the census now makes should have a dual purpose, to supply general information and to furnish objective information which will throw light on the real need for grants-in-aid.



## Chapter II

# THE QUESTION OF DEPARTMENTALIZATION

Health, education, employment, and social security and relief are the major functions of the National Government dealt with in the present report. This chapter will consider the question of whether the principal agencies concerned with these functions should be grouped together in a department or whether the several major functions should each be entrusted to a unifunctional department or independent agency. Then upon the assumption that the National Government will adhere to its preference for a relatively small number of departments, the question of the organization of a single department will be discussed. This decision will necessarily include consideration of whether the present Department of Labor and the Federal Security Agency should be consolidated and if not where the dividing line should be drawn between them.

### Functions of Agencies Summarized

The discussion of a single multifunctional type of department versus several unifunctional small departments or independent agencies can perhaps best begin by a summary of the salient facts from the chapters dealing with the several functions.

1. The four major functions: health, education, employment, and social security and relief, although interrelated, are essentially independent. The leadership and the fundamental work in each is professional, technical, or scientific. Each is the domain of a distinct profession, although in comparison with medicine, education, and social work, the knowledge and techniques of personnel or employment management (including wage administration and union relations as well as hiring and firing) have achieved only embryonic professional recognition.

2. Traditionally, under the American Federal system of Government the legislative powers over health, education, employment, and relief have been vested primarily in the several States with the exceptions of old age and survivors insurance and regulation of wages, hours, and child labor. The National Government operates in these

fields through grant-in-aid legislation or in the case of unemployment compensation through the device of an offset Federal tax. Under these arrangements the responsibility for operating is in the hands of the States. The national agencies are engaged primarily in seeing that the conditions prescribed by the National Government for grants-in-aid or for tax offsets are fulfilled, in conducting research, collecting and supplying information, and giving professional advice and leadership both substantive and administrative. During the past 15 years there has been a great expansion of Federal expenditures in all four fields, and particularly in employment and social security the Federal Government has assumed an unprecedented degree of initiative in program development. Nevertheless, the cooperative pattern of State administration under Federal standards for receiving financial aids does not seem likely to be supplanted or reversed in the near future.

3. In the States the functions of health, education, employment, and relief are almost completely separate. Separate State departments or agencies carry on each of these major functions, often with branches extending down into local governments—county and municipal. In the case of education the situation is further complicated by the practical application of the American traditional principle that the administration of education should insofar as possible be kept out of politics. The usual device has been separate governmental organization for education, often coupled with distinctive financing.

4. Since at the State level these functions are separate in legislation and administration, it appears that for many years to come, the National Government under a Federal system will have to legislate separately for each of the several functions if it continues to use conditional grants or offset taxes to raise the level of performance with respect to them. It seems extremely dubious that a single multifunctional department at the Federal level could have a single unified program. The departmental program would have to consist of separate programs for health, education, employment, and social security and relief. Both Congress and the State legislatures will presumably have to continue to legislate separately for the several functions.

### **Advantages and Disadvantages of a Single Department**

In such a situation what would be the advantages and disadvantages of a single large multifunctional department?

With a large department a single officer, presumably a secretary of cabinet status, would report directly to the President and within the department carry out administration policies. In theory such an arrangement simplifies the administrative task of the President. It

must be noted, however, that department heads are usually laymen serving ordinarily for relatively short terms, frequently with little prior experience in the substantive work of the department. In the present instance the problems which will come to the President will apparently lie in distinctly professional fields and deal with substantive matters or broad issues of administration. Only under exceptional circumstances could a single department head deal competently with so diverse a range of technical activities. When the President has to consider substantive issues it would seem entirely possible that he might get more help from several heads of smaller departments than from the head of one big one because one could scarcely master the details in a reasonable period.

A single department head possessed of the requisite determination and aided by a competent corps of assistants could conceivably eliminate some duplication among the diverse agencies under his authority and develop a better integration of programs than at present exist. In our judgment the possibility for coordination of the activities of the several services so that each gives consideration to the programs of the others is the strongest and most valid argument for the single large multifunctional department.

It must be recognized, however, that the task is Herculean and only the department head with exceptional talents can be expected to be successful. The bureaus to be coordinated in this department are basically professional. The interests of the Government demand that the heads of the bureaus in health, education, employment, and relief and social security shall be leaders in their respective professions. To be successful they must have a substantial professional following. In grant-in-aid and tax offset programs their influence ramifies out into the States and often into local communities. State, local and Federal employees are organized into Nation-wide professional organizations which are frequently highly effective pressure groups. If a secretary attempts something to which these groups are opposed, he has a difficult fight on his hands even if the bureau chief is willing to go along with him or to remain neutral. These organizations may at times turn against the Federal agency and its leaders and defeat their proposals in Congress, partly because their organizations go down to the grass roots.

A department head of a large multifunctional agency, such as is here under consideration, cannot count on the support of the Congress and its committees. The grass roots organizations just mentioned are one factor in the situation. Another is that not infrequently a new department head has little knowledge of the diversified work of the agencies under him and little if any professional standing in the respective fields. The chances are that veteran Members of Congress who have followed the development of the agencies over the years are

far better informed than he is, and they may know the political forces that led to his appointment. On the other hand, Members of Congress frequently have high regard for the ability and technical competence of a bureau chief. In congressional hearings it is not unusual to find the relationships between the committee members and the bureau chief or the chief of a major division not unlike those between a board of directors and the officers of a corporation. A secretary serving for a few years often without prior specific experience can scarcely expect to have the close relationships with Congress that the best of the professional bureau chiefs have developed over the years.

The American system of government, it should be noted, results in this division of responsibility and authority between the Congress and the President and his department head. The position may be taken that a President should have undivided responsibility for and authority over the administrative departments and that through the secretary of his own choice he should control each department. In this view the assumption is that the Congress should pass the laws and make the appropriations in broad terms leaving administration to the President and his appointees. The National Government, however, has rarely worked in this way. The Congress has always exercised a large but a varying measure of control over administration, particularly through its appropriations committees. The principle of checks and balances applies here. Whatever the merits of the allegations sometimes made that Presidential control is more democratic than congressional control, and vice versa, the fact remains that the Constitution divides authority over Federal administration between Congress and the President.

In our judgment it cannot be guaranteed that grouping all these agencies under a single department head would result with certainty in effective coordination. Objectivity necessitates recognizing that the effort may result, as it has sometimes in the past, in difficulties that reach serious proportions and arouse controversies in Congress and in press and radio.

Three points deserve special emphasis in considering a multifunctional agency such as is here under discussion.

It is exceedingly difficult to select a head for it who will be acceptable to and have the confidence of the diverse professional interests involved and the various clienteles.

If great powers are vested in the secretary, and secretaries change frequently, there may be some vacillation in policy. The department, it may be recalled, will administer several grant-in-aid or tax-offset programs which involve State legislation, appropriations, and administration. For successful Federal-State cooperation a high degree of continuity in Federal administration is essential. One way of insuring

such continuity is to reduce administrative discretion at the Federal level to a minimum.

To a greater degree than any other civilian department of the National Government this one will affect the lives of individuals. It will be providing, directly or indirectly, free public services, distributing social insurance benefits, and giving relief. The political potentialities are obviously great, especially since this department has no necessary responsibility for raising the funds to pay for the services and the benefits. As already noted, the agencies in the department have affiliates in the State and local governments that reach to practically every settlement. An intensely partisan politically minded secretary would have in his hands what might be made a powerful political implement. It may, however, be assumed that the Congress will be aware of this fact and will limit the discretionary authority of the secretary, and possibly continue to vest a considerable measure of the discretionary power in the bureau chiefs.

### **The Alternative of Several Smaller Unifunctional Agencies**

Since it is by no means certain that the advantages of the great multifunctional department outweigh the disadvantages, consideration should be given to the possibilities of several smaller, more unifunctional departments or independent establishments.

Any proposal of this type, if it be taken at all seriously, presupposes that the President will have immediately under him an agency of general administration, possibly an enlarged Bureau of the Budget. This agency would supply him with the information to facilitate his exercise of administrative control over the agencies in the Executive Branch of the Government. More important from the standpoint of the present discussion, it would provide a mechanism for the coordination of programs and policies that extend across departmental lines.

In this connection it should be pointed out that even the large multifunctional department here under consideration would not and could not embrace all the activities of the Government in the fields of health, education, employment, and relief and social security. Some of the activities in these fields will necessarily remain in other departments where they are byproducts or joint products of other activities and will have to be coordinated above the departmental level. More important, many major problems inevitably cut across departmental lines and likewise call for coordination above the departmental level. A few specific illustrations are perhaps in point here.

Real social security depends on the maintenance of high productivity, which in turn demands a high level of employment. Although the large multi-functional department under consideration would have an important role in any program for achieving these objectives,

especially on the informational and remedial sides, it would by no means play the dominant part. The Treasury, the Federal Reserve Board, Agriculture, Commerce, Public Works, Housing, and others would each have parts, and probably some coordinating agency would be required to make constructive decisions of timing and priority between the several programs and projects.

In a national emergency calling for full utilization of manpower and allocation of materials this department would perform essential service and probably control functions unless, as in the recent war, the employment and training agencies were transferred from it to special war organizations. Although its functions of recruiting and distributing manpower would give it a strategic and limiting, rather than a commanding role, this role would probably require direct integration of the operating agencies with the machinery for coordinating the civilian emergency effort.

The recent war has resulted in a degree of relationship between the agencies of the National Government and the research and educational institutions of the country that is unprecedented. Although Federal aid to these institutions may be a factor, the dominant fact is that National agencies want the institutions to supply them with personnel adequately trained to meet the needs of the service or else they want research carried on that will serve those needs. The United States Office of Education in the multifunctional department may conceivably be expected to ascertain and report the impact of these Federal demands on the educational institutions of the country, but it is inconceivable that the office or the department in which it is located can exercise any degree of control over the situation. Control must come from above the departmental level.

Health and physical well-being are in part dependent on food and nutrition, housing, clothing, etc., and the prices at which the essentials can be obtained. The departments of Agriculture, Commerce, and Interior, the Housing Administration, and the financial agencies of Government all have a part.

It seems to us clear that great attention should be focused on establishing under the President an effective organization for developing and coordinating policies and programs that cut across departmental lines. Through use of either standing or special interdepartmental committees with a representative of the President's staff as executive secretary or officer, administrative programs could be developed, either to be submitted to the Congress or, if the President has the authority, to be put into effect by Presidential order.<sup>1</sup> It is here assumed that

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<sup>1</sup> In programs involving Federal-State relationships in professional fields it is often desirable to have representatives of the States, of the professions, or of the general public participate in program planning and in making recommendations for coordination. The law governing the overhead organization should make specific provision for such representation.

the agency under the President would be a staff agency advisory to the President and that it would have no independent authority to issue orders to department heads. It might be highly influential with department heads but it should neither direct them nor prevent them from urging the President to modify its recommendations.

If such an over-all staff agency were developed under the President, then careful consideration should be given to breaking up the big multifunctional agency into a number of separate more nearly uni-functional organizations.

1. Perhaps the experiment most worth trying would be to make the United States Office of Education an independent establishment with an advisory board constituted as is proposed in the part of the present report that deals with education. It is assumed that the American people will continue in their demands that control of education be kept in the hands of the State and local governments and that every effort be made to eliminate partisan political influence. A fear has often been expressed that increased Federal activity in this field would result in an undesirable centralization of educational authority. Some people believe that any action giving controlling powers to the head of the multifunctional department would increase that danger. A separate establishment with an advisory board would avoid some of that danger and probably would materially increase the influence of the Office of Education in giving nonpartisan, nonpolitic leadership to education in the States.

2. Another possible department or independent establishment might be concerned with health and directly related activities for promoting and preserving it.

3. The functions relating to employment, social security and relief constitute a third group which might be consolidated with the remaining functions of the Department of Labor. In connection with the latter possibility, revision of the act creating the Labor Department might help to make the plan more acceptable to the Congress and the public.

The reasons for suggesting the possibilities of these separate agencies is obviously to narrow the range of activities which the head of the department will have to cover and to minimize the frictions which appear inevitable if the distinctive professions are brought together under a single head. It should be repeated for emphasis that these suggestions are deemed practicable only if a strong coordinating organization is established under the President.

### **Internal Organization of a Multifunctional Department**

If it be determined that the present multifunctional Federal Security Agency be retained with such minor additions or subtractions as

may be desirable, there are several issues of internal organization that require consideration. The most important are: (1) The powers of the administrator; (2) the powers and the status of the bureau chiefs; (3) the nature and duties of the staff of the administrator; and (4) the organization of the field staffs of the agency or of its several bureaus.

## THE POWERS OF THE AGENCY HEAD

In a unifunctional department it is not unusual for the essential powers to be vested in the head of the department. He may have authority to delegate power to subordinates, to determine internal organization, and to select and remove bureau chiefs. Responsibility and authority may be centered in him. Is such centralization of power desirable in the multifunctional Federal Security Agency?

The Federal Security Agency is a very loose supervisory mechanism, created in 1939, to which were transferred bureaus and agencies which were either independent, as in the case of the Social Security Board, or bureaus in other departments such as the Public Health Service, the Office of Education, the Children's Bureau, and the Food and Drug Administration. Each of these agencies operated under specific substantive laws, which defined their duties and responsibilities and generally vested administrative power in the bureau chiefs. The bureau chiefs, or their equivalent, are generally appointed by the President and confirmed by the Senate. Control of bureau chiefs by the head of the department in which the bureau was located was thus what may be characterized as informal. Naturally bureau chiefs would prefer to get along comfortably with the department head. Department heads often were aware that bureau chiefs had a status of their own, consisting of the respect and confidence of the President, strong supporters in Congress, standing with members of their professions, or a following among the clientele of their agency, and possibly all four combined. Under such conditions department heads had to proceed with a substantial degree of caution.

The bureaus or corresponding units of the Federal Security Agency, it should be again emphasized, are generally professional. More than that, each represents a different profession. The principal professions are health, education, and social welfare, each with its distinctive body of knowledge and techniques. Insofar as they are engaged in professional research and investigation and supplying consulting service and leadership to their clientele, a general overhead lay administrator is ill equipped to plan professional programs, to evaluate the product in its scientific aspects, or to judge of the technical competence of the workers. Because of these limitations it seems highly questionable whether power over professional matters should be vested in a lay department head. His powers, it would seem, should be confined



largely to matters of general administration, coordination of activities, and the housekeeping functions.

#### THE BUREAU CHIEFS

In a multifunctional department the bureau chiefs are the real directing heads of actual operations, especially if the bureaus are engaged in professional or scientific fields. They should be and often are selected primarily on the basis of their professional attainments and standing. Often, but by no means invariably, they keep reasonably free from partisan politics, although they may be strong advocates of programs. The position of bureau chief may represent one of the high eminences in a professional career, perhaps the apex in a professional career in the government service. When the National Government is operating a grant-in-aid program, one of the objectives of which is to raise the level of administration in the States, it is of extreme importance that the State officials who are asked to follow should have great confidence in the integrity and professional ability of the person who is expected to lead. A partisan politician is not a good leader for States in which the majority of voters are on the other side.

Our recommendation would be that no steps be taken which would reduce the status and prestige of the chiefs of the professional bureaus in the Federal Security Agency. The positions should attract the best, and opportunity for professional leadership and influence is perhaps the most attractive feature of these positions.

#### THE NATURE AND DUTIES OF THE ADMINISTRATOR'S STAFF

A proposal has been made that the head of the Federal Security Agency should have an assistant administrator for each of the professions—health, education, and welfare—so that each profession would be represented on his immediate staff.

In our judgment such an arrangement would prove highly unsatisfactory for the following reasons:

1. It would be unnecessary duplication as the bureau chiefs already represent the several professions.
2. The professional assistant administrators would have to be constantly on their guard lest they assume the duties of the bureau chief. Possibilities of conflict would be great.
3. The status of bureau chief would be reduced. They would rank not next to the department head but below the assistant secretaries in the line of authority.

The duties of the principal assistants to the head of the department are housekeeping, administration, and coordination. For coordina-

tion it would seem preferable to have staff assistants who work on a project basis, undertaking such studies and investigations as the head of the department may direct. These assistants would report to the head of the department. If orders are to be issued to the bureau chiefs they should come from the head of the department and not from the staff assistants.

In 1939 the Social Security Board, originally an independent agency, was transferred to the Federal Security Agency. In 1945 the Board was abolished and the title of the agency changed to the Social Security Administration. When the Children's Bureau was transferred from the Department of Labor to the Federal Security Agency it was made a subordinate bureau in the Social Security Administration.

If the Federal Security Agency is continued it might be well to abolish the Social Security Administration, making all its present constituent bureaus divisions of the Federal Security Agency. The Bureau of Employment Security already has been taken out from under the Social Security Administration and there appears to be no good reason why the Bureau of Public Assistance and the Bureau of Old Age and Survivors Insurance should not receive similar treatment. The head of the department would then be free to determine from time to time whether a bureau chief shall report directly to him in the first instance or whether the initial reports shall be made to an assistant he designates. Staff assistants of the head of the Federal Security Agency should make to him recommendations for action to promote coordination among the bureaus.

In case the Social Security Administration is not abolished, it is specifically recommended that the Children's Bureau be taken out of it and placed directly under the Federal Security Administrator. The basic function of that Bureau is to investigate and report on all matters pertaining to the welfare of children and child life among all classes of our population. Its success over the years has been largely due to the fact that it has established a position of leadership among both public and private agencies concerned with child welfare in all its phases and it is looked to for authoritative publications and advice by thousands of parents confronting the manifold problems that arise with respect to children. It has been a real force in adult education. One reason for its success has been that the position of Chief of the Children's Bureau has always been filled by a woman with high professional qualifications and outstanding reputation and it has been able to recruit from the best in the field. In our judgment it was a mistake to reduce the status of the Bureau by making it a branch of the Social Security Administration instead of an independent bureau under the Federal Security Administration.

## FIELD STAFFS

As previously noted, each of the major bureaus of the department administering a grant-in-aid program deals with a separate agency of State government, primarily health, education, employment, and welfare. Much of this work is professional or technical—consulting and advising with respect to the development of State plans, examining State plans and proposals for new State legislation to determine whether they meet the requirements of national law, and advising with respect to particular cases that raise new technical questions. The professional field representatives are also expected to bring to the State officers information as to practices which have proved successful in other States.

It seems perfectly clear to us that each regional office of the Federal Security Agency must have on its staff at least one well-qualified person in each of the special technical fields and as many more as the load really requires. Technical advice and leadership cannot be given satisfactorily by a single person in two distinct professional fields.

If representatives of each distinct field are required in the regional offices the question arises: Does the line of administrative authority over the several field representatives run to the respective professional bureaus or does it run to the head of the Federal Security Agency? Insofar as the work is professional or technical it would seem much simpler to have it run to the bureaus directly. Action would be quicker and simpler both incoming and outgoing and there would be less chance for inconsistent rulings in different States. If the Federal Security Administrator should be dissatisfied with the results he would deal through the bureau chief who is directly responsible. The bureau chiefs are in our opinion better qualified to appraise the work of professional field representatives than would the administrator and his assistants.

The administrator might have a representative at the head of each regional office to observe and report upon the general relationships between the National Government and the governor, the State legislature, and the several agencies operating a program with which the National Government is concerned. In our judgment, however, such a representative should not have authority to issue orders to the representatives of the several bureaus who are attached to that field office with respect to their professional work. If he is not satisfied with their activities he should so report to the administrator who would take up the matter with the bureau chief involved. Any orders for change would then come from the bureau chief. It seems essential to have clear-cut lines of responsibility and authority, and to avoid the confusion and possible inconsistencies that might result if bureau representatives in the field were uncertain as to who was in immediate

authority over them and who was authorized to direct their professional activities.

The administrator and his assistants should, in our judgment, be responsible for the housekeeping activities of the regional offices, supplying quarters, supplies, telephone service, and general facilitating clerical personnel. An office manager presumably would be responsible in each regional office for seeing that the required housekeeping services were efficiently rendered and the office was not overstaffed with facilitating personnel.

Routine auditing of State accounts may advantageously be a function of the overhead administration. These would be technical advantages in an audit which was independent of the operating bureau. Two cautions, however, appear to be needed. Routine auditing ought to be reduced to minimum essentials to save expense and irritation. The Federal auditors should as a rule clear with the professional regional representative of the National Government on any matter involving professional or technical matters before reporting to Washington or to the State authorities. Prompt, cooperative, friendly adjustment of minor differences should be the practice, and only issues of substantial magnitude should go up the line to Washington.

The regional representative might also be responsible for coordinating the activities with respect to those laws of the National Government that require the State to make appointments under the merit system, especially with respect to clerical positions. Methods of selecting professional, technical, and scientific workers necessarily vary with the nature of the work. Health, education, relief, and employment each involve different problems with respect to professional and subprofessional personnel. Effective cooperation between the State operating departments and the professional bureaus in the Federal Security Agency are highly important with respect to developing required entrance qualifications and methods of testing and adequate classifications. At the Federal level progress seems to lie in decentralization of personnel functions with respect to professional, scientific, and technical workers. The same principle would seem to be desirable in Federal-State relationships in professional fields.

## **Relationships Between Labor and Federal Security**

The next question that must be considered is the relationship between the present Department of Labor and the present Federal Security Agency. Should the two be kept separate or consolidated into a single department of health, education, relief and social security, and labor?

From the purely technical standpoint the two most significant points of contact and difficulty relate to (1) the employment service and

unemployment compensation and (2) statistics of employment, wages, etc. Each of these situations will be reviewed and then certain others will be mentioned briefly.

## EMPLOYMENT SERVICE AND UNEMPLOYMENT COMPENSATION

The present Employment Service is a Federal-State cooperative venture originally established under the grant-in-aid provisions of the Wagner-Peyser Act of 1933. Administratively it has had what may be termed a checkered career. The essential facts are in brief:

1. Before the service had become fully and firmly established the National Government embarked upon its program of operating work projects to furnish employment to unemployed employables. Under this program it was necessary for some agency to certify that applicants for the work projects were actually unemployed. The National Government established its own agencies for this purpose and had them administered by the Department of Labor and more specifically by the Employment Service within that Department. This action naturally retarded the development of the cooperative Federal-State system envisaged in the Wagner-Peyser Act.

2. In 1935 the Social Security Act provided that the States should utilize the public employment offices, established under the Wagner-Peyser Act, in passing upon unemployment compensation claims. The result was that an agency under the Department of Labor was performing an essential function in connection with the administration of unemployment compensation which was under the Social Security Board. Such a division of authority and responsibility was undesirable. President Roosevelt resolved the difficulty by transferring the Employment Service to the Social Security Board by executive order under the Reorganization Act of 1939.

3. When the United States entered the war, President Roosevelt requested the Governors of the several States to turn the public employment offices over to the National Government, which they did. The Employment Service thus temporarily nationalized was transferred to the War Manpower Commission. It was given mandatory powers and employers in many kinds of work had to get employees through it. Thus temporarily it played an important role in the allocation of manpower.

4. Following the war, some of the administrative agencies of the Federal Government believed that the Employment Service should remain nationalized and that unemployment compensation should likewise be nationalized. The Congress did not approve the idea of nationalizing the Employment Service and directed that the Service be returned to the States.

5. By Executive Order 9617, of September 19, 1945, President Truman transferred the Employment Service from the War Manpower Commission to the Department of Labor and in Reorganization Plan No. 1 of 1948 he proposed to transfer unemployment compensation from the Federal Security Agency to the Department of Labor. This, it will be recalled, was the exact reverse of the action taken by President Roosevelt in practically the identical matter. The Congress, however, rejected the President's reorganization plan in each House and by legislation directed the transfer of the Employment Service to the Federal Security Agency where it would be coordinated with unemployment compensation.<sup>2</sup>

What are the essential elements in respect to this controversy over the location of the Employment Service and unemployment compensation?

The weight of opinion is overwhelmingly in favor of having the two services not only in the same department but also under one administrative head. The States generally object to having to deal with two different agencies in two different departments when sound State administration requires at least coordination at the State level.

Use of the Employment Service by applicants for unemployment compensation is mandatory. All other uses except in emergencies are voluntary. Employers are not required to list open jobs with the Service and no one seeking a job and not an applicant for unemployment compensation is compelled to register. A relatively small percentage of hirings are made through the Employment Service even in times of full employment and a scarcity of workers. Often both employers and organized employees prefer other methods.

Before the Employment Service became the legal instrument to be used in the administration of unemployment compensation, the question of whether it was located in the Federal organization was a matter of little concern to most employers. They could use it or not as they saw fit, and most of them did not use it to a substantial extent. Not until it was coupled with unemployment compensation did its location become a real issue. Employers believe that the issue is basically the economical and unbiased administration of unemployment compensation. Labor organizations and the Labor Department insist that the real issue is whether unemployment compensation shall be integrated with other agencies concerned with employment conditions and employment information as part of the program of maintaining full employment.

Why is the location of unemployment compensation administration of concern to employers? In most of the States the pay-roll tax which supports unemployment compensation rests entirely upon employers. The Federal offset tax is levied on them. Almost all the

<sup>2</sup> Act of June 16, 1948 (Pub. Law 646, 80th Cong., 2d sess.).

States have now introduced experience rating or merit rating whereby the tax is reduced in accordance with the employment record of the employer or the condition of the reserve fund. Lax administration which permits benefits to be paid to persons who are not actively seeking work and do not take advantage of available openings increases the costs and ultimately will affect the taxes under an experience rating plan.

A substantial body of opinion exists in opposition to experience rating. According to this view the tax should be uniform and constant, or should be changed for all employers simultaneously according to prescribed ratios between tax rates and size of reserve funds. As reserves grow to what is deemed a safe point, benefits should be increased in amount and duration or sickness benefits introduced. Not infrequently proponents of this view also favor nationalization of unemployment compensation, which would do away with the present variations among the States and presumably with experience rating.

The unemployment compensation system also leaves room for some exercise of administrative discretion. For example, what constitutes the relationship of employer and employee and makes the employer subject to the Federal tax? There are a host of border-line cases, perhaps not involving great numbers of persons but of extreme importance to the businessman. Is he subject to the tax? If he is subject to it, he may face the necessity of a radical reorganization of an essential part of his business, generally his methods of marketing. The success of some of these enterprises rests on a method of marketing that would be impracticable if the salesmen were classified as employees. Naturally the businessmen engaged in such enterprises are greatly concerned with the issue: What Federal agency is to exercise administrative discretion with respect to coverage?

The Department of Labor was originally created in response to the desires of organized labor. An argument at the time of its creation was that labor was entitled to a place in the President's cabinet. The objective of the Department, as stated in the organizational act, was "to foster, promote, and develop the welfare of the wage earners of the United States, to improve their working conditions, and to advance their opportunities for profitable employment."<sup>3</sup> Over the years since the Department was established the secretaries have been drawn from the ranks of organized labor or from persons reasonably acceptable to labor. At the time of the recent debates on the location of the Employment Service and unemployment compensation the Department had one assistant secretary from the American Federation of Labor, one from the Congress of Industrial Organizations, and one from an independent labor organization. Each was primarily responsible for the

<sup>3</sup> 37 Stat. 736.

relationships between the Department and the group with which he was affiliated.

Under these conditions it is not surprising that there are employers who regard the Department of Labor as one created to advance the interests of a particular group, a large and politically powerful group. In the general public are substantial numbers, moreover, who think of the Department of Labor in about the same way. The existence of this point of view possibly explains in part why the administration of unemployment compensation, old age and survivors insurance, and the three relief categories of the Social Security Act were entrusted to a newly established Social Security Board rather than to the existing Department of Labor. It may also help to explain the gradual diminution in the scope of the Department since 1935.

Representatives of organized labor insist, however, that the statutory mission of the Department is a recognized Congressional policy, and that the advancement of wage earners' opportunities for profitable employment is a genuinely public purpose. Since 1933 the Secretary of Labor has not been a representative of organized labor. The Department of Labor sponsored the Federal-State system of employment offices established in 1933, and the Secretary of Labor was chairman of the Social Security Committee which recommended in 1935 the system of State responsibility for fixing the amount, duration, and eligibility of unemployment-compensation benefits under State laws. Lax administration of unemployment compensation, insofar as it exists, is a matter of State responsibility, except the Federal Security Administrator may have allotted insufficient funds for State administration. More than half the States on their own initiative have extended the coverage of unemployment compensation to employers of less than eight, and several have extended it to employers of one or more.

The Employment Act of 1946 recognized the threat of unemployment as a national problem, and established the policy of coordinating the functions and services of the Federal Government with the view to promoting and maintaining maximum employment opportunities under private enterprise. One method of furthering such coordination would be to bring the facilities and resources of all agencies concerned with employment information, employment conditions, and employment processes under a common administrative head. This would be a proper statutory function of the Department of Labor, and adequate devices of Congressional supervision and group consultation are available to foreclose any undue influence of either labor or management upon the administration of unemployment compensation.

The nature of this issue regarding the proper location of the Federal agency administering the Employment Service and unemployment compensation precludes its settlement on a purely factual basis. A



decision must be arrived at on the basis of judgment, and in last analysis this judgment must be exercised by the duly elected representatives of the people. The Brookings Institution is not submitting any formal recommendations on the subject because detailed facts alone do not determine the issue.

#### STATISTICS OF EMPLOYMENT

The separation of the Department of Labor from the present Federal Security Agency presents another difficulty with respect to statistics of employment, current, short-run, and long-run. The importance of these statistics under modern economic conditions is obvious. It can hardly be questioned that better and less costly statistics could be obtained if the Bureau of Labor Statistics, the Employment Service, unemployment compensation, and possibly old age and survivors insurance were in the same department. Then the head of that department could have a thorough study made of the whole problem, preferably in co-operation with the State agencies and with the assistance of the Statistical Standards Unit of the Budget Bureau, and recommend to Congress the arrangements best suited for an efficient and economical system.

The words "recommend to Congress" are used because the collection of much of the data should involve close cooperation among the Federal agencies, State and local agencies, and the thousands of employers whose activities have to be recorded and reported. The evidence justifies the conclusion that best results will be secured through the wide utilization of state agencies in collecting the material and probably in making the initial basic tabulations. Some changes in appropriations and possibly in basic law will be necessary to permit the development of a sound integrated cooperative system.

Although the location of the employment agencies and the statistics of employment are the major difficulties in having the Department of Labor separated from the Federal Security Agency, there are some lesser ones that deserve brief consideration.

#### EDUCATION

One of the essentials of education is that the youth be trained to support himself and his dependents under the conditions that will confront him when he leaves school. The various steps in the movement through school into successful gainful employment, insofar as the Federal Government is immediately involved, may be summarized somewhat as follows:

General education and professional education—	The Office of Education Federal Security Agency.
Vocational guidance—	The Office of Education, utilizing data from the Employment Service, now in Federal Security, and from bureaus in the Department of Labor.
Vocational education—	Same as in vocational guidance.
Aptitude testing and placement—	The Employment Service, utilizing school records.
Apprentice training—	The Department of Labor.

One other point requires mention. Youth who leave school without acquiring the degree of education, often necessary for success in maintaining a reasonable living for themselves and their dependents, still constitute a serious economic and social problem. Although improvement is being made with respect to each succeeding generation the country has the accumulations from the past. Labor, particularly organized labor, has a great concern for adult education to attempt to reduce the limitations that handicap these persons. The leaders believe that their interest is such that a program in this field should be developed in the Department of Labor. If the Department of Labor and the Federal Security Agency were consolidated into a single department better programming might conceivably result if the general public interest could prevail over special group interests.

## INDUSTRIAL HYGIENE AND SAFETY

The separation between the Department of Labor and the present Federal Security Agency presents another difficulty in the field of industrial hygiene and safety. Some of the hazards lie within the realm of medical science and call for the type of research and development that can best be supplied by the Public Health Service. Others call for the services of industrial engineers, and still others require only better management and enforced observance of fairly well established devices for ensuring safety. A distinction has to be drawn, moreover, between (1) research, development, and education and (2) factory inspection and the enforcement of standards established by law. In the States factory inspection for the enforcement of standards and general employee health and safety work has usually been in the Department of Labor or other comparable agency. Within recent years Federal appropriations for the Public Health Service have been used to stimulate State activities in industrial hygiene through State departments of health. The evidence suggests need for better coordination at the Federal level to prevent Federal grants from developing lack of coordination in the States and division of responsibility for enforcement.

The United States Children's Bureau, with its mandate to investigate and report upon all matters pertaining to the welfare of children and child life among all classes of the population, presents another difficulty for the reorganizer. Multifunctional, it overlaps health, education, labor, and public welfare. The outstanding service that it has rendered its clientele, the parents and children of the country and the child-welfare institutions, appear abundantly to have justified its maintenance. It could, of course, be fitted into a unified department made up by consolidating Labor and Federal Security, although problems of interbureau jurisdiction would remain. But with the two departments divided, the Children's Bureau does not fit neatly into either.

If a consolidated department should be set up, it is possible, perhaps even probable, that friction will develop between the secretary and the bureau chiefs. It may cause the President some difficulty and almost certainly will come before the Congress and its committees. That horn of the dilemma, however, seems preferable to vesting in the Secretary and associates of his own choosing the power to control the policies and administration of such large and heterogeneous activities. If major importance is attached to vesting controlling powers in the head of the department, the answer clearly seems to lie in having several smaller unfunctional departments and a strong central coordinating mechanism under the President.

In connection with the suggestion of consolidating Labor and Federal Security; a point previously made deserves repetition. The Department would be in no sense unfunctional. It would have many functions and require the services of several distinctive professions. It could not have a single program; at most it could have related and somewhat integrated programs. Under these circumstances, in our judgment, it would be hazardous to strip the bureau chiefs of authority and responsibility and vest maximum possible powers in the Department head upon the theory that he could weld the parts into a homogeneous whole. On the contrary, should the experiment of a single department be tried, it should be frankly and clearly recognized that the major bureaus in it, such as the Public Health Service, the employment agencies, the Bureau of Old Age and Survivors Insurance, and the Children's Bureau, should have a high degree of autonomy.

## **Part Two**

# **FUNCTIONS AND ACTIVITIES IN THE FIELD OF HEALTH**



## INTRODUCTION

The health functions and activities of the Federal Government are analyzed in this report, with the objective of detecting overlapping and duplications and recommending consolidation when feasible. Those activities which are recommended for retention are defined and limited.

The report is divided into three chapters.

The first is entitled "General Description and Summary of Recommendations." It includes data on the known obligations of the Federal Government for public health. Charts and tables are presented to clarify and condense the numerous health activities and to show the distribution of the financial obligations.

The second chapter attempts to bring together certain major inter-departmental public health programs, including (1) nutrition, (2) industrial hygiene, (3) international health, (4) environmental sanitation, (5) health education, (6) rural health, (7) migrant labor, (8) mental hygiene, (9) disaster preparation, (10) preventive medicine, including preventive medical aspects of the armed forces and Veterans' Administration, (11) grants-in-aid, (12) field offices of the Federal Security Administration, and (13) the value of preventive medicine.

The third chapter contains the body narrative describing functions and activities of the major agencies engaged in public health work.

Over 75 civilian agencies of the Federal Government are described as engaged in some form of health activity. The actual amount of overlapping and duplication of effort is not as large as would be expected—especially since some of these agencies are working independently. Much of the overlapping is unavoidable and in some instances desirable. Where actual duplication of activities exists, it is found to be frequently better than setting up new structural organizations as a device for the prevention of waste and inefficiency.

No attempt has been made to include within this report every possible health activity of the civilian agencies of the Federal Government. The agencies of the armed forces and the veterans are excluded except as they are covered in the section on preventive medicine. However, a complete picture of the health functions and activities of each civilian agency has been attempted where its activities have been considered of importance; not to give an impression of a diffused and scattered system of health services found throughout

the departments and bureaus of the Government, but, intentionally, to show the extent to which public health has been made a part of the various agencies of the Government. Some of these health activities may appear to be only incidentally concerned with health per se, or even remotely related to public health.

Space has been given to descriptions of the legal basis for the various agencies giving health services; also to the organization of these agencies and their interrelationships with other agencies of the Government conducting health activities. This factual material often reveals the reasons for the present allocation of health activities and their development, considerations which are important in considering the reorganization of health services.

No attempt has been made to include the previous plans and proposals for effective correlation of public health activities. Such expressions have been made for the last 75 years. However, the ideas expressed that still have validity today are reflected in some of the recommendations.

Comments and recommendations, when found necessary, follow the description of the health activities under each agency.

In the chapter, "Summary and Recommendations," an effort is made to pull together comments and recommendations of this report. This consideration is intended to help in pointing the way for better understanding of the report.

The material for the compilation of the report has been secured through the courtesy of the various agencies, in reports, in bulletins, and by personal visits and interviews with Federal officers. References and footnotes are given for the various statements found pertinent to this report.

The work of this report was originally assigned on a contract basis to the Brookings Institution. Later, in order to avoid overlapping and duplication of treating Federal activities in the field of public health and medicine, the medical service committee (appointed by the Commission) and the Brookings Institution combined their work insofar as possible to prepare a joint statement to the Commission. To this end both task forces have contributed to its preparation.

## **Chapter I**

### **GENERAL DESCRIPTION AND SUMMARY OF RECOMMENDATIONS**

The present chapter will start with a broad general description showing the distribution of health activities among the various agencies of the Government, with tables and charts showing the volume of obligations incurred for them. The descriptive matter will be followed by a summary of the recommendations. More detail with respect to specific problems in the field of health will be found in chapter II and with respect to specific departments and agencies in chapter III.

#### **Distribution of Health Activities**

Health activities of the Federal Government are found in many of its agencies. In chapter III the five executive departments and six independent agencies are described which are concerned directly or indirectly with some form of health activities, exclusive of the armed forces, and Veterans' Administration. These activities are administered by more than 75 civilian bureaus, divisions, and offices. Part of these fall within the field of environmental sanitation and sanitary engineering. Others are in the realm of basic and applied research in an effort to determine the causes, control, and prevention of disease.

Additional activities are in the field of health protection:

Industrial hygiene, which protects the industrial worker from industrial accidents and occupational diseases;

Foreign and domestic quarantine, which protects individuals and communities from the inroads of communicable and pestilential diseases;

Control of food and drugs, which protects the consuming public against adulterated foods, dangerous drugs, and cosmetics;

Activities directed toward helping States through grants-in-aid programs, assignments of personnel, and the preparation of materials to extend their health work.

Keeping abreast of the expanding frontiers in medical knowledge, especially in the field of psychosomatic medicine, health activities also operate in the development of programs in the mental hygiene field. The interest in international health problems and the recognition of the World Health Organization are further indications of the broadening activities of the Government in health.



TABLE I.—*Functional health service activities performed by various civilian agencies*

A—Primary; B—Secondary

Functional service	Federal Security Agency			Food and drug	Agriculture	Interior	Labor	Treasury	State	Housing	FWA	TVA	FTC	Atomic Energy
	Public Health Service	Children's Bureau												
A. General health services:														
1. Facilities.....	A	B				B				B		B		B
2. Professional personnel.....	A	A	A											A
3. Administration.....	A	A												
B. Personal health services:														
1. Medical care.....	A	B				A								B
2. Foreign quarantine.....	A													
3. Categorical programs:														
a. Communicable disease control:														
(1) Tuberculosis.....	A				B									
(2) Venereal disease.....	A													
(3) Other.....	A											A		
b. Chronic disease control:														
(1) Cancer.....	A													
(2) Heart.....	A	A												
(3) Mental.....	A	B					B							
(4) Other.....	A	B												
c. Programs for special groups:														
(1) Maternal and child care.....		A				A								
(2) Indian wards.....														
(3) Other.....	B											B		
4. Noncategorical programs.....	A													
C. Environmental health services:														
1. Foreign quarantine.....	A				B			B						
2. Interstate control.....	A		A		A								A	
3. Water pollution control.....	A										A	A		
4. Sanitation control.....	A		A		A	B	A			A				A
5. Industrial hygiene.....	A					A	A							A
D. Research services:														
1. Research as an adjunct of medical care.....	A	A												
2. Research as a basis for control programs.....	A	A	A		A							A		
3. Research as a basis for environmental health.....	A				B	A				B		A		A
4. Basic research.....	A	A				B								
5. Social science research.....	A	A			A		A			B				
6. Vital and health statistics.....	A	A			A		A							
E. Promotional services:														
1. Negotiations, etc., on international front.....	A	B			B			A	A					
2. Public health education.....	A	A	A		A	A	A					A	B	A
3. Nutrition.....	A	A												
4. Field demonstrations.....	A	A				B								
5. Consultations.....	A	A			A		A					B		

To a less extent, grants are made to individuals for special training (and fellowships are granted) and to institutions for training and research. The activities in the field of nutrition have recently received considerable attention as it is regarded as "the most important environmental factor influencing health." The Government's interest in housing, especially for low-income groups and slum clearance, have extended health activities to various agencies of the Government. And again, other activities are directed to statistical studies and their relation to the progress of health programs and medical care programs.

This review of health activities does not imply that all these agencies of the Federal Government are primarily concerned with health as a major activity. In some instances the health work is carried

# Functional health service activities performed by various civilian agencies

[Supplement to Table I]

<b>Public Health Service:</b>		<b>Interior Department—Continued</b>	
Practically all the functional services listed on the chart are performed directly by the various organizational components of the Public Health Service.		C4	Rodent control and wildlife.
<b>Children's Bureau:</b>		C5	Health and safety (Mines).
A1	Improvement in facilities for crippled children and infant care.	D3	Health and safety (Mines).
A2	Personnel for above.	D4	Wildlife.
A3	Development of administrative practices for above.	E2	Indians, mines and safety.
B1	Medical care for children through States.	E4	Mines, safety.
B3b (2)	Heart control for children.	<b>Labor Department</b>	
B3b (3)	Special mental hygiene for children.	C5	Health and safety, accidents, etc.
B3b (4)	Special dental program for children.	D5	Health and safety, accidents, etc.
B3c (1)	Maternal and child care program.	D6	Bureau of Labor Statistics.
D & E	Practically all research and promotional services listed on the chart are performed directly by the Children's Bureau in connection with its operating programs.	E2	In all fields related to labor.
<b>Food and Drug Administration:</b>		E5	Field services to States.
A2	Develop technical personnel for food and drug inspection.	<b>Treasury Department</b>	
C2	Regulatory activity in relation to interstate commerce.	B 3b(3)	Activity in connection with narcotics control.
C4	Food and drug inspection.	C1	Activity in connection with narcotics control.
D2	Research as basis for regulatory activities.	E1	Activity in connection with narcotics control.
E2	Labelling and uses of foods and drugs.	<b>State Department</b>	
<b>Agriculture Department:</b>		E1	Negotiating agency on international front for all health problems.
B3a (1)	TB in animals.	<b>Housing Agency</b>	
C1	Inspection of animals and animal products.	A1	Medical facilities in public projects.
C2	Inspection of animals, animal products and foods.	C4	Slum clearance, public housing projects.
C4	Food inspection.	D3	Research on slum clearance.
D2	Research for regulatory activities.	D5	In connection with housing needs.
D3	Research for experimental stations, Bureau of Animal and Industrial Chemistry.	<b>Federal Works Administration</b>	
D4	Dairy, sanitation, animal industry, entomology, plant quarantine, nutrition, etc.	C3	Cooperating with Public Health on water pollution.
D5	Home Economics, etc.	<b>Tennessee Valley Authority</b>	
D6	Bureau of Agricultural Economics.	A1	Medical facilities for personnel and families in TVA area.
E1	International cooperation on agricultural economics.	B 3a(3)	Malaria control.
E2	Rural education, extension service, etc.	B4	General health development for area.
E3	Promotion of better nutrition on farms.	C3	Malaria control.
E4	Extension Service, Home Economics Demonstrations.	D2	Malaria control.
E5	Extension Service, Farm Bureau Agents.	D3	Broad research for area rehabilitation.
<b>Interior Department:</b>		E2	In connection with above programs and plans for area rehabilitation.
A1	Indian wards.	E5	In connection with States and educational institutions in area.
B1	Indian wards.	<b>Federal Trade Commission</b>	
B3c (2)	Indian wards.	C2	Control of advertising practices in connection with food and drug products.
C3	Indian wards and national parks.	E2	Control of advertising practices in connection with food and drug products.
		<b>Atomic Energy Commission</b>	
		A1	Medical facilities in special areas.
		A2	Training of medical personnel in atomic energy field.
		B1	Training of medical personnel in atomic energy field.
		C5	Radiological safety.
		D4	Use of atomic energy in medicine, etc.
		E2	Preventives in relation to atomic energy uses.

along with a major function of an agency, while in others public health constitutes one of the principal activities. In order to summarize the various agencies described as engaged in health work, and to show their primary and secondary health functions and activities, chart I and table I have been prepared.

In table I, above, with supplement of explanatory notes, 11 executive and independent agencies are presented to show that practically all the chief civilian health functions are grouped under the organizational units of the Public Health Service of the Federal Security Agency except those of maternal and child care and the health activities of the Indian wards. It will also be seen that a large percentage of (a) general health, and (b) personnel health services are centered within the Public Health Service, and that the disper-

sion of the health activities occurs in the fields of (c) environmental health services, (d) research services, and (e) the promotional services of the other Federal agencies. Many are grouped in the Departments of Agriculture and the Interior which overlap similar activities of the Public Health Service.

In table II, pages 31-38, an attempt is made to summarize the scattered health functions and activities of the various agencies into a comprehensive form for an easy grasp of a system of health services.

In addition to the health activities as summarized above, the Federal Government provides through the Public Health Service a number of hospitals and medical care services such as hospitals for merchant seamen, for Negroes, for mental patients, a leprosarium, two for drug addicts; and furnishes clinical psychiatric services to the District of Columbia juvenile court and assists Federal agencies in setting up health services programs.

Recently the health and medical care activities have been increased through the enactment of laws by the Eightieth Congress for specific health and medical projects such as:

HEART DISEASE<sup>1</sup>—to provide research, additional facilities for care and diagnosis, and for training of workers in the field of research and matters relating to heart disease;

MENTAL HEALTH<sup>2</sup>—for the expansion of the national health program;

DENTAL DISEASE<sup>3</sup>—For research and demonstrations;

WATER POLLUTION CONTROL act,<sup>4</sup> to eliminate stream pollution.

For a full description of the medical care and hospital services, see Medical Service Committee of Reorganization of the Executive Branch of the Government.

## Financial Obligations for Health Activities

An attempt to give a monetary evaluation<sup>5</sup> to the numerous health activities of the Federal Government can best be only an estimation; partly because some of the agencies' health activities are incidental to their major functions and also because the funds to carry on this work are buried in an over-all cost of the major program. Consequently, the obligation given in table III, pages 39-42, cannot be considered overestimated.

<sup>1</sup> For this purpose Congress appropriated \$3,144,088 for the fiscal year 1948-49.

<sup>2</sup> Grants-in-aid for the development and maintenance of community mental health service \$3,550,000, and for research and training \$2,000,000.

<sup>3</sup> Congress voted \$1,000,000 for field demonstration, and \$750,000 for research and treatment.

<sup>4</sup> The sum of \$75,000 was appropriated as an initial amount for administration purposes.

<sup>5</sup> Obligations consist of orders placed, contracts awarded, services received, and all other transactions during a given period which legally reserve the appropriation for expenditure. Such amounts include expenditures not preceded by obligations and reflect the adjustments for the differences between obligations and the actual expenditures. See secs. 3 and 5 of Budget Treasury Regulation No. 1.

TABLE II

# Public Health Activities in the Federal Government

## Executive Departments

### A. DEPARTMENT OF AGRICULTURE

<i>Agency</i>	<i>Health functions and activities</i>
1. AGRICULTURAL RESEARCH AND ADMINISTRATION.	Administers scientific research activities of the Department of Agriculture.
a. BUREAU OF HUMAN NUTRITION AND HOME ECONOMICS.	Conducts basic research on food values and other essentials to healthful living; dissemination of information on better living.
b. BUREAU OF ANIMAL INDUSTRY.	Conducts investigations in the causes, control, treatment, and prevention of animal diseases affecting man.
c. AGRICULTURAL AND INDUSTRIAL CHEMISTRY.	Conducts research in the field of chemistry and biology, drugs, and their uses as applied to animals and to humans.
d. OFFICE OF EXPERIMENT STATIONS.	Conducts research in the field of nutrition and public health protection; reviews and approves projects for grants-in-aid in support of research.
e. BUREAU OF DAIRY INDUSTRY.	Develops sanitary methods of handling milk; conducts research in dairy products.
f. BUREAU OF ENTOMOLOGY AND PLANT QUARANTINE.	Conducts investigations in the control, treatment, and prevention of plant diseases and plant parasites, some of which affect the health of humans.
g. BUREAU OF PLANT INDUSTRY, SOILS, AND AGRICULTURAL ENGINEERING.	Conducts research essential to the protection of general health and welfare through crop improvement, water supply, and better quality foods.
2. FARMERS HOME ADMINISTRATION.	Administers health programs in relation to environmental sanitation, improved diets, and assistance in obtaining needed medical care.
3. FARM CREDIT ADMINISTRATION.	Assembles information concerning specialized rural health cooperatives and other health programs in which farmers' cooperative associations participate.
4. PRODUCTION AND MARKETING ADMINISTRATION.	Establishes standards for various food products; responsible for administration of National School Lunch Act of 1946 through its food distribution branch program; administers services related to wholesomeness and purity of foods.
5. COOPERATIVE EXTENSION SERVICE.	Aims to improve the economic welfare, health, family and community life of rural population by making the results of its Department of Research available to farmers.
6. BUREAU OF AGRICULTURAL ECONOMICS.	Evaluates rural studies concerning farm accidents, medical care, and rural health needs.

## A. DEPARTMENT OF AGRICULTURE—Continued

<i>Agency</i>	<i>Health functions and activities</i>
7. SOIL CONSERVATION SERVICE--	Contributes only indirectly to health through a national program of soil and water conservation and to provide a better and more abundant food supply.
8. FOREST SERVICE-----	Provides facilities for safeguarding health, disposal of sewage and waste, policing and enforcing sanitary laws.
9. RURAL ELECTRIFICATION ADMINISTRATION.	Supplies power for food preservation and sanitary facilities.
10. OFFICE OF PERSONNEL-----	Renders medical services to the personnel of the Department of Agriculture in accordance with provisions of Public Law 658, 79th Cong. 2d sess.

## B. DEPARTMENT OF THE INTERIOR

1. BUREAU OF MINES-----	Makes investigations in methods of mining, especially in relation to the safety of the miners, appliances best adapted to prevent accidents, and improvements in environmental conditions.
2. FISH AND WILDLIFE SERVICE---	Conducts research related to nutritive values of fishery products and disease problems affecting wildlife, control over importation of diseased wildlife, rodent control, and medical and health services on the Pribilof Islands.
3. OFFICE OF INDIAN AFFAIRS----	Promotes health and medical services among Indians and Eskimos.

## C. DEPARTMENT OF LABOR

1. BUREAU OF LABOR STATISTICS--	Conducts surveys on work injuries; compiles injury rates; conducts studies on accidents, workers' health, workmen's compensation, etc.
2. WOMEN'S BUREAU-----	Formulates standards and policies concerning relations of conditions of work for women to health, accidents, etc. Advises States on labor legislation; health facilities for women in industry.
3. BUREAU OF LABOR STANDARDS--	Acts as service agency to State labor departments, State officials, to labor employers and others interested in improving working conditions in industry. It is authorized to develop desirable labor standards in industrial practice, labor legislation, and labor law administration.

## D. DEPARTMENT OF THE TREASURY

1. BUREAU OF NARCOTICS-----	Charged with duty of regulating, supervising, and controlling traffic in narcotic drugs; cooperates with State licensing privileges.
2. BUREAU OF CUSTOMS-----	Cooperates with Bureau of Narcotics in the detention and prosecution of smugglers of narcotic drugs.

## E. DEPARTMENT OF STATE

### *Agency*

#### 1. DIVISION OF INTERNATIONAL LABOR, SOCIAL AND HEALTH AFFAIRS.

##### a. HEALTH BRANCH.

#### 2. LIAISON OFFICE ON NARCOTIC CONTROL.

#### 3. INSTITUTE OF INTERNATIONAL AFFAIRS.

PAN AMERICAN SANITARY BUREAU.<sup>1</sup>

### *Health functions and activities*

Supports the interests and the foreign policy of the United States by developing and assuring the application of appropriate principles in our foreign relations so far as they affect \* \* \* health matters, and promotes international cooperation in this field.

Promotes international cooperation in the field of public health, especially in relation to the development of the World Health Organization.

Liaison between Bureau of Narcotics in Treasury Department and United Nations Commission on Control of Narcotic Drugs.

Conducts cooperative health programs in South America.

Conducts health and sanitation work in the American republics and in the prevention of the spread of communicable diseases.

## Independent Agencies

### A. FEDERAL SECURITY AGENCY

#### 1. PUBLIC HEALTH SERVICE:

##### a. OFFICE OF THE SURGEON GENERAL. Directs and coordinates all activities of the Public Health Service.

(1) NATIONAL OFFICE OF VITAL STATISTICS. Collects, tabulates, analyzes, and publishes national statistics of births, deaths, marriages, divorces, and vital statistics having public health importance.

(2) OFFICE OF INTERNATIONAL HEALTH RELATIONS. Coordinates and gives general direction to all Service activities on international health matters; directs programs on international health and supervises special health missions.

(3) DIVISION OF SANITARY ENGINEERING. Provides technical standards, advice, and guidance for all sanitary engineering and sanitation activities of the Service and to other Federal, State, and local authorities; conducts basic research in water pollution, sewage, and industrial waste.

(4) DIVISION OF DENTISTRY. Provides technical standards and guidance for all dental activities in the Service; consultative service to Federal, State, and local authorities on improvement in dental health and facilities.

(5) DIVISION OF NURSING. Prepares technical standards and gives guidance for nursing activities and supervision of nursing personnel; plans research in nursing service and provides consultative service to States.

<sup>1</sup> Independent agency to which funds are contributed by the Government through the State Department

## A. FEDERAL SECURITY AGENCY—Continued

Agency	<i>Health functions and activities</i>
(6) DIVISION OF HEALTH METHODS.	Evaluates national health problems through collection and analysis of morbidity and medical care statistics; develops statistical procedures, organization, and administrative methods to meet the problems involved in public health practices.
(7) DIVISION OF COMMISSIONED OFFICERS.	Coordinates commissioned corps policies of the Public Health Service with those of other agencies.
b. NATIONAL INSTITUTES OF HEALTH.	Coordinates scientific investigations in medical and related sciences; coordinates research activities of the institutes and other divisions of the Public Health Service and agencies of the Federal Government; administers research grants and fellowship program; develops and enforces the Biological Control Act.
(1) DIVISION OF INFECTIOUS DISEASES.	Responsible for conducting laboratory investigations relating to the cause, prevention, and diagnosis of infectious diseases.
(2) DIVISION OF TROPICAL DISEASES.	Responsible for research on the transmission and prevention of tropical diseases and the mechanism of drug action against parasites; supervises the malaria investigation station at Memphis, Tenn., and its malaria research laboratory at Columbia, S. C.
(3) DIVISION OF PHYSIOLOGY.	Conducts studies on the fundamental problems of physiology and the biochemical processes of diseases, physiology of aging processes, and synthesis of new drugs.
(4) PATHOLOGICAL RESEARCH LABORATORY.	Conducts researches in pathology of various diseases and gives instructions in human and experimental pathology, pathological service to the Public Health Service, and other agencies.
(5) NATIONAL CANCER RESEARCH.	Conducts and coordinates research related to the cause, prevention, diagnosis, and treatment of cancer; provides training and grants-in-aid to public and private laboratories; cooperates with and furnishes State consultative service and advice.
(6) BIOLOGICS CONTROL LABORATORY.	Responsible for the enforcement provisions for the control of biologics in interstate commerce and for improving the quality of existing products and developing new products.
(7) DIVISION OF RESEARCH GRANTS AND FELLOWSHIPS.	Responsible for preparing research grants for action by the National Advisory Health Council; analyzing and compiling data and administering research fellowship programs.

## A. FEDERAL SECURITY AGENCY—Continued

### *Agency*

(8) CHEMISTRY LABORATORY.

(9) LABORATORY OF PHYSICAL BIOLOGY.

c. BUREAU OF MEDICAL SERVICES.

(1) MENTAL HYGIENE DIVISION.

(2) FOREIGN QUARANTINE DIVISION.

d. BUREAU OF STATE SERVICES.

(1) VENEREAL DISEASE DIVISION.

(2) TUBERCULOSIS CONTROL DIVISION.

(3) STATES RELATIONS DIVISION.

### *Health functions and activities*

Conducts research on the public health aspect of drugs and chemicals.

Responsible for the study of toxic properties of chemical and physical environment in current and prospective industrial practices as they affect health.

Includes Hospital Division; Freedmen's Hospital; Federal Employees' Health Division; medical care for Federal Security Agency personnel; medical care for all others. Administers hospitals and clinics providing medical care for beneficiaries of the Service, such as merchant seamen, Coast Guard personnel, and injured Federal employees.

Administers the National Mental Hygiene Program; the Public Health Service hospitals and the National Institute of Mental Health; conducts research through grants-in-aid for in-service studies into the causes, diagnosis, prevention, and treatment of mental illnesses, including drug addiction.

Carries out quarantine inspection at ports of arrival of sea and air conveyances; and applies measures to prevent the introduction of communicable diseases.

Administers the Federal aspects of Federal-State cooperative programs for the strengthening of general health activities.

Assists and cooperates with public authorities, scientific institutions, and scientists in the conduct of research for developing control programs through grants-in-aid and rapid treatment centers related to venereal disease.

Assists in bringing about improvements in the diagnosis, treatment, control, and prevention of tuberculosis; aids States through grants; provides consultative services to States and other Government agencies concerning tuberculosis control.

Assists States in establishing and maintaining adequate public health services through grants-in-aid; enforces interstate quarantine regulations and provides consultative services to State health agencies and manages the annual conference of State and Territorial health officers.



## A. FEDERAL SECURITY AGENCY—Continued

### *Agency*

### *Health functions and activities*

#### (4) HOSPITAL FACILITIES DIVISION.

Plans and assists States in the provision of adequate hospital and clinical services; administers grants to States for surveys of existing facilities and for planning and construction of hospitals and health centers; develops standards and provides consultation relative to hospital needs, design, construction, and operation.

#### (5) OFFICE OF HEALTH EDUCATION.

Provides technical field supervision and coordination of health education.

#### (6) OFFICE OF PUBLIC NURSING.

Coordinates the public health nursing activities and gives professional supervision of the public health nurses of the Bureau and of certain divisions in other bureaus.

#### (7) INDUSTRIAL HYGIENE DIVISION.

Promotes the development and application of means for protection and improvement of health of workers through direct services to industry; aids States through consultation and service of technical and administrative problems.

## 2. SOCIAL SECURITY ADMINISTRATION:

### a. CHILDREN'S BUREAU.

Directs all Bureau activities in the fields of health and welfare; develops Bureau programs; formulates policies; cooperates with National and State commissions and organizations concerned with children and youth; cooperates in international programs.

#### (1) DIVISION OF RE- SEARCH IN CHILD DE- VELOPMENT.

Conducts research in the physical and emotional health, growth, and development of children; develops standards of maternal and child care for the use of professional workers; cooperates with Division of Health Services on administrative studies; in cooperation with Division of Reports prepares bulletins and leaflets on child care for parents, etc.

#### (2) DIVISION OF HEALTH SERVICES.

Plans programs and directs field operations in (1) maternal and child health, and (2) Crippled Children's Program, including the administration of grant-in-aid programs for these services; provides advisory service in medical, dental, nursing, physical-therapy, medical-social, administrative methods, and nutrition fields; provides regional consultation services to States in these fields.

#### (3) DIVISION OF STATIS- TICAL RESEARCH.

Such part of statistical research and analysis as impinges on child health services, infant and maternal mortality, etc.

## A. FEDERAL SECURITY AGENCY—Continued

### *Agency*

- b. DIVISION OF RESEARCH AND STATISTICS IN THE OFFICE OF THE COMMISSIONER OF SOCIAL SECURITY.

3. U. S. OFFICE OF EDUCATION.

4. OFFICE OF SPECIAL SERVICES.

- a. OFFICE OF VOCATIONAL REHABILITATION.

- b. FOOD AND DRUG ADMINISTRATION.

(1) COSMETIC DIVISION.

(2) MICROBIOLOGY DIVISION.

(3) VITAMIN DIVISION.

(4) MEDICAL DIVISION.

(5) PENICILLIN CERTIFICATIONS AND IMMUNOLOGY DIVISION.

### *Health functions and activities*

Conducts studies and analyses of over-all adequacy of existing social security measures and problems connected with the development of a comprehensive program with particular reference to unmet needs for protection during illness and disability and for responsibility for the review and coordination of research and statistics throughout the Federal Security Administration.

Directs educational surveys and collects and distributes information on education in the United States and foreign countries. Concerned with providing health instruction to school-age groups and to educational agencies of the community.

Administers a broad program for rehabilitating the disabled persons in industry or otherwise and their return to remunerative employment. Establishes standards and certifies funds to States to provide the above necessary services.

Controls quality of foods and drugs; functional research to form background for law enforcement.

Develops, coordinates, and directs technical work involved in the examination of cosmetics; develops methods for identifying and analyzing natural and synthetic coloring matters in foods, drugs, and cosmetics.

Develops and applies bacteriological and microanalytical methods for detecting filth and decomposition in foods and drugs; studies causes and develops methods of preventing food poisoning and identifying foods and drugs by microscopical techniques.

Develops facts and methods necessary for enforcement of the act as it applies to biochemical and nutritional problems; develops control procedures related to food and drugs for special dietary use and the routine examination of foods and drugs for vitamins or other nutritional values.

Responsible for determining the medical policy of the Food and Drug Administration with respect to the therapeutic efficacy of safety for man and animals in food and drug devices and cosmetics.

Develops and directs technical work involved in the certification of penicillin products and streptomycin; tests all antibiotics, antiseptics, and germicidal preparations for safety and efficacy.

## A. FEDERAL SECURITY AGENCY—Continued

<i>Agency</i>	<i>Health functions and activities</i>
(6) PHARMACOLOGY DIVISION.	Develops and directs technical work involved in the biological analysis of certain drugs and glandular products; certifies insulin-containing drugs; determines toxicity of drugs and causes of food poisoning; develops pharmacological and analytical methods.
(7) FOOD DIVISION.	Responsible for developing and establishing methods, including chemical tests for examining foods for determining their identity, quality, and freedom from adulteration.

## B. FEDERAL TRADE COMMISSION

- |                                |   |
|--------------------------------|---|
| 1. BUREAU OF MEDICAL OPINIONS. | The prevention of unfair and deceptive practices in the handling of foods, drugs, cosmetics, and medical devices. |
|--------------------------------|---|

## C. TENNESSEE VALLEY AUTHORITY

- |                                   |  |
|-----------------------------------|--|
| 1. DIVISION OF HEALTH AND SAFETY. | Conducts malaria control and research in malariology, prevention of stream pollution, public health education among people served by its utilities. Employs medical care and health program. |
|-----------------------------------|--|

## D. FEDERAL WORKS AGENCY

- |                                    |  |
|------------------------------------|--|
| 1. BUREAU OF COMMUNITY FACILITIES. | Engineering programs in cooperation with Public Health Service in the control of stream pollution and the construction of public health clinics and hospitals. |
|------------------------------------|--|

- |                              |  |
|------------------------------|--|
| E. ATOMIC ENERGY COMMISSION. | The use of atomic energy for the improvement of public welfare, increasing the standards of living, and providing for medical and biological research. |
|------------------------------|--|

- |                                     |   |
|-------------------------------------|---|
| F. HOUSING AND HOME FINANCE AGENCY. | Responsible for the principal housing programs and functions of the Federal Government; insofar as these programs aid in the solution of our current housing problems, they have a direct effect on national standards of health. |
|-------------------------------------|---|

- |                              |  |
|------------------------------|--|
| COMMUNICABLE DISEASE CENTER. | Administers field operations for the control of communicable diseases with special emphasis for those caused by insects and other animals. |
|------------------------------|--|

- |  |   |
|--|---|
| CONFERENCE OF STATE AND TERRITORIAL HEALTH OFFICERS. | The conference is called annually by the Surgeon General to discuss matters of interest in the field of public health. The conference is designed to provide opportunity for mutual consultation between State authorities and Public Health Service officials. |
|--|---|

TABLE III.—Total obligations for health and medical care activities in civilian agencies  
1940

Agency	Total obligations	State aid, including administrative costs		Research			Training	Regulatory	Medical care, <sup>1</sup> including administration hospitals, clinics		All others, including over-all administration
		State grants	Direct operations	Direct activities	Grants to institutions and individuals	Fellowships			Narcotic	All others	
Total Federal Government.....	\$86,500,251	\$23,865,151	\$2,035,462	\$2,259,739	\$92,089	\$69,850	\$83,524	\$9,457,106	\$2,387,097	\$12,528,243	\$6,228,498
Total Executive Departments.....	\$19,049,495	1,973,853		346,110				6,809,210		5,099,413	4,164,909
Department of Agriculture.....	11,544,004	1,973,853		301,740				5,633,180			3,635,231
Agricultural Research Administration.....	5,770,748	29,008		301,740				5,440,000			
Bureau of Human Nutrition and Home Economics.....	155,040										
Bureau of Animal Industry.....	5,433,000			155,040				5,433,000			
Office of Experiment Stations.....	29,008	29,008						7,000			
Bureau of Dairy Industry.....	90,700			83,700							
Bureau of Entomology and Plant Quarantine.....	63,000			63,000							
Farmers Home Administration.....	3,577,803										3,577,803
Food Administration.....	250,608										
Production and Marketing Administration.....	1,944,845	1,944,845						193,180			57,428
Cooperative Extension Service.....											
Bureau of Agricultural Economics.....											
Office of Personnel.....											
Department of the Interior.....	\$5,799,783			44,370						5,099,413	
Bureau of Mines.....	2,656,000										
Fish and Wildlife Service.....	55,613			44,370						11,243	
Office of Indian Affairs.....	5,088,170									5,088,170	
Bureau of Reclamation.....											
Department of Labor.....	290,485										290,485
Bureau of Labor Standards.....	290,485										290,485
Department of the Treasury.....	1,306,700							1,176,030			130,670

<sup>1</sup> Includes only the medical care of those agencies covered in this report. The armed forces and Veterans' Administration are not included. <sup>2</sup> Distribution of \$656,000 for Bureau of Mines is not available.

TABLE III.—Total obligations for health and medical care activities in civilian agencies—Continued

1940

Agency	Total obligations	State aid, including administrative costs		Direct activities	Research	Training	Regulatory	Medical care, including administration hospitals, clinics			All others, including over-all administration
		State grants	Direct operations		Grants to institutions and individuals			Narcotic	Marine	All others	
Department of State.....	\$108,523										\$108,523
Total Independent Agencies.....	47,510,756	\$21,891,298	\$2,035,462	\$1,913,629	\$92,689	\$83,524	\$2,647,956	\$2,387,097	\$12,528,243	\$1,797,419	2,063,589
Federal Security Agency.....	44,111,901	21,891,298	1,997,029	1,913,629	61,380	83,524	2,625,316	2,387,097	9,514,659	1,546,865	2,021,294
Public Health Service.....	32,898,242	13,689,105	1,724,029	1,874,629	61,380	83,524	52,850	2,387,097	9,514,659	1,546,865	1,897,254
Children's Bureau.....	8,641,193	8,202,193	270,000	30,000			2,572,466				124,000
Food and Drug Administration.....	2,572,466										
Federal Trade Commission.....	22,640						22,640				
Tennessee Valley Authority.....	362,631		38,433		31,309				3,013,584	280,554	42,335
Federal Works Agency.....	3,013,584										
Atomic Energy Commission.....											
Housing and Home Finance Agency.....											

2 Construction purposes.

1947

Total Federal Government.....	\$187,816,510	\$96,253,201	\$16,601,181	\$10,572,727	\$11,504,327	\$156,653	\$13,429,292	\$16,771,149	\$2,935,360	\$23,966,739	\$14,449,478	\$11,166,403
Total Executive Departments.....	33,377,190	2,994,780		1,688,935	5,861,231			12,007,900			7,174,526	3,649,818
Department of Agriculture.....	15,302,653	2,994,780		738,360				10,711,900			8,842	848,771
Agricultural Research Administration.....	11,167,650	37,790		711,460				10,418,400				
Bureau of Human Nutrition and Home Economics.....	487,960			487,960								
Bureau of Animal Industry.....	10,400,000							10,400,000				
Office of Experiment Stations.....	37,790	37,790										
Bureau of Dairy Industry.....	193,800			175,400				18,400				
Bureau of Entomology and Plant Quarantine.....	48,100			48,100								
Farmers Home Administration.....	230,723											230,723
Farm Credit Administration.....	2,367											2,367

[illegible]

TABLE III.—Total obligations for health and medical care activities in civilian agencies—Continued

1948

Agency	Total obligations	State aid, including administrative costs		Research			Training	Regulatory	Medical care, including administration hospitals, clinics			All others, including over-all administration
		State grants	Direct operations	Direct activities	Grants to institutions and individuals	Fellowships			Narcotic	Marine	All others	
Farmers Home Administration.....	\$8,413											\$8,413
Farm Credit Administration.....	3,880											3,880
Production and Marketing Administration.....	417,100			\$18,600				\$508,500				30,000
Co-operative Extension Service.....	2,847,120	\$2,847,120										
Bureau of Agricultural Economics.....	22,000			22,000								
Office of Personnel.....	45,000										\$45,000	
Department of the Interior.....	11,422,581			1,393,670							7,842,081	2,716,830
Bureau of Mines.....	3,919,920			1,303,060								2,616,830
Fish and Wildlife Service.....	89,319			60,580							28,739	
Office of Indian Affairs.....	7,315,300										7,216,300	100,000
Bureau of Reclamation.....	98,042										98,042	
Department of Labor.....	249,486											249,486
Bureau of Labor Standards.....	249,486											249,486
Department of the Treasury.....	1,430,000							1,287,000				143,000
Department of State.....	6,251,892											239,287
Total Independent Agencies.....	173,311,911	61,578,803	\$16,974,548	17,138,677	16,681,297	\$520,000	\$9,648,674	4,979,206	\$3,391,475	\$25,626,598	8,647,650	8,124,983
Federal Security Agency.....	155,129,128	61,578,803	16,958,155	9,054,677	11,423,711	520,000	8,548,674	4,944,106	3,391,475	24,733,328	6,308,568	7,607,631
Public Health Service.....	129,443,463	41,523,838	16,411,155	9,023,677	11,423,711	520,000	8,548,674	128,406	3,391,475	24,733,328	6,308,568	7,370,631
Children's Bureau.....	20,869,965		547,000	31,000				4,815,700				237,000
Food and Drug Administration.....	4,815,700											
Federal Trade Commission.....	35,100							35,100			392,082	117,352
Tennessee Valley Authority.....	843,413		16,393		17,586					883,270	1,887,000	400,000
Federal Works Agency.....	883,270											
Atomic Energy Commission.....	16,595,000			7,993,000	5,240,000		1,100,000					
Housing and Home Finance Agency.....	116,000			116,000								

The total obligations of the various civilian agencies,<sup>6</sup> of the Federal Government for health activities and medical care services amounted to \$66,560,251, in 1940; \$187,816,510, in 1947; and \$208,261,883<sup>7</sup> in 1948, or an increase of 213 percent in the 9-year period. The executive departments have increased their obligation for public health 265 percent since 1940. For details of the total obligations for the 3 years, see table III.

The total Public Health Service's obligations for 1940 amounted to \$32,898,242, as compared to \$129,443,463 in 1948, an increase of 293 percent in about 9 years. For a complete statement, see chapter III, Public Health Service.

Of the total health obligations for 1948 by civilian agencies, out of every public health dollar, 62 cents is obligated for Public Health Service, 10 cents for the Children's Bureau, 8 cents each for the Department of Agriculture and Atomic Energy Commission, and 6 cents each for the Department of Interior and for the combined remaining agencies.

Of the total health dollar, obligated by functions or activities, 39 cents goes for State aid, 22 cents for medical care, 20 cents for research, 9 cents for regulatory activities, 5 cents for training, and 5 cents for all other costs including administration. (See chart I, page 44.)

In the distribution of the public health dollar by civilian agencies for specific purpose, fiscal year 1948 (see chart II, page 45), it will be noted that, generally speaking, only a few agencies participate or account for most of the obligations for each specific purpose, and many participate in only one function.

Out of every dollar for State aid, 71 cents comes from Public Health Service, 25 cents from the Children's Bureau, 4 cents from the Department of Agriculture, 1 cent from others. Out of every dollar for regulatory functions, 65 cents comes from the Department of Agriculture, 27 cents from Food and Drug Administration, 7 cents from the Treasury Department, and 1 cent from others. Out of every dollar spent for research, 49 cents comes from Public Health Service, 31 cents from Atomic Energy Commission, 14 cents from the State Department, 6 cents from others. Of the dollar spent for training, 89 cents comes from Public Health Service, and 11 cents from the Atomic Energy Commission.

Table IV gives a complete summary of the agencies for public health activities in 1948.

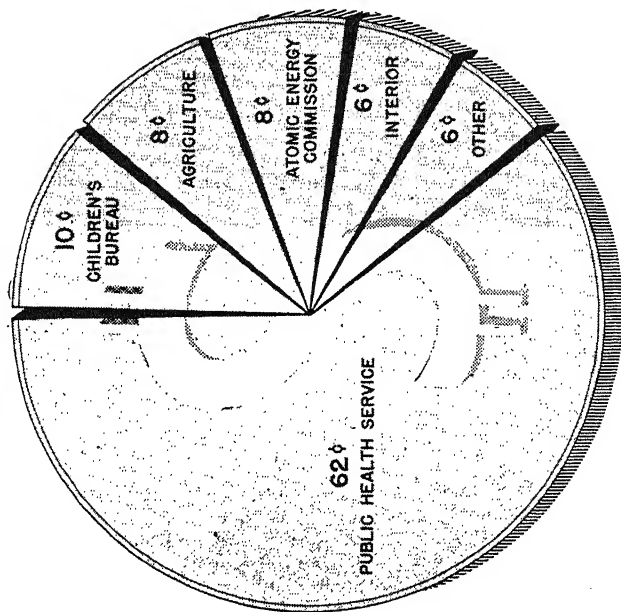
<sup>6</sup> The armed forces and Veterans' Administration are not included.

<sup>7</sup> Of this amount (\$200,261,883), \$45,195,000 is for medical care services, obligated chiefly for the marine hospitals administered by Public Health Service, Indian Wards, Department of the Interior, and the Medical Care Service of the Atomic Energy Commission. It should also be understood that \$45,195,000 does not include the medical care obligations of the armed forces and the Veterans' Administration.



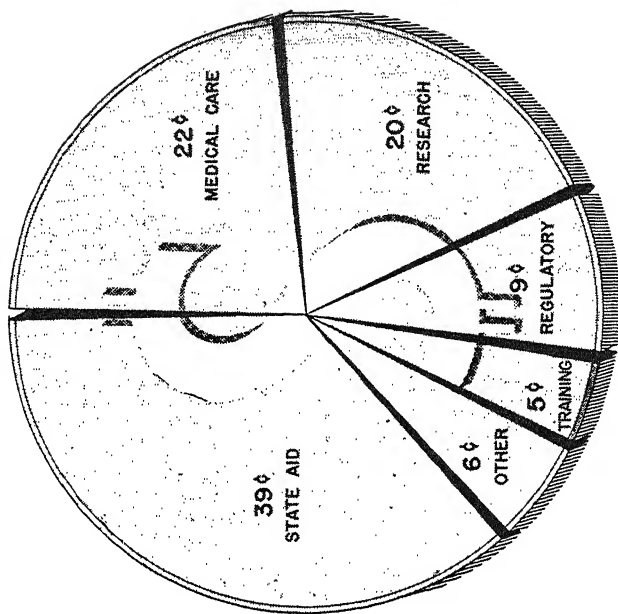
CHART I—The Public Health Dollar, Civilian Agencies, 1948

WHO SPENDS IT ?



SOURCE BY AGENCY

HOW IS IT SPENT ?



OBLIGATION BY FUNCTION

### CHART II—Distribution of Public Health Dollar, Civilian Agencies, 1948

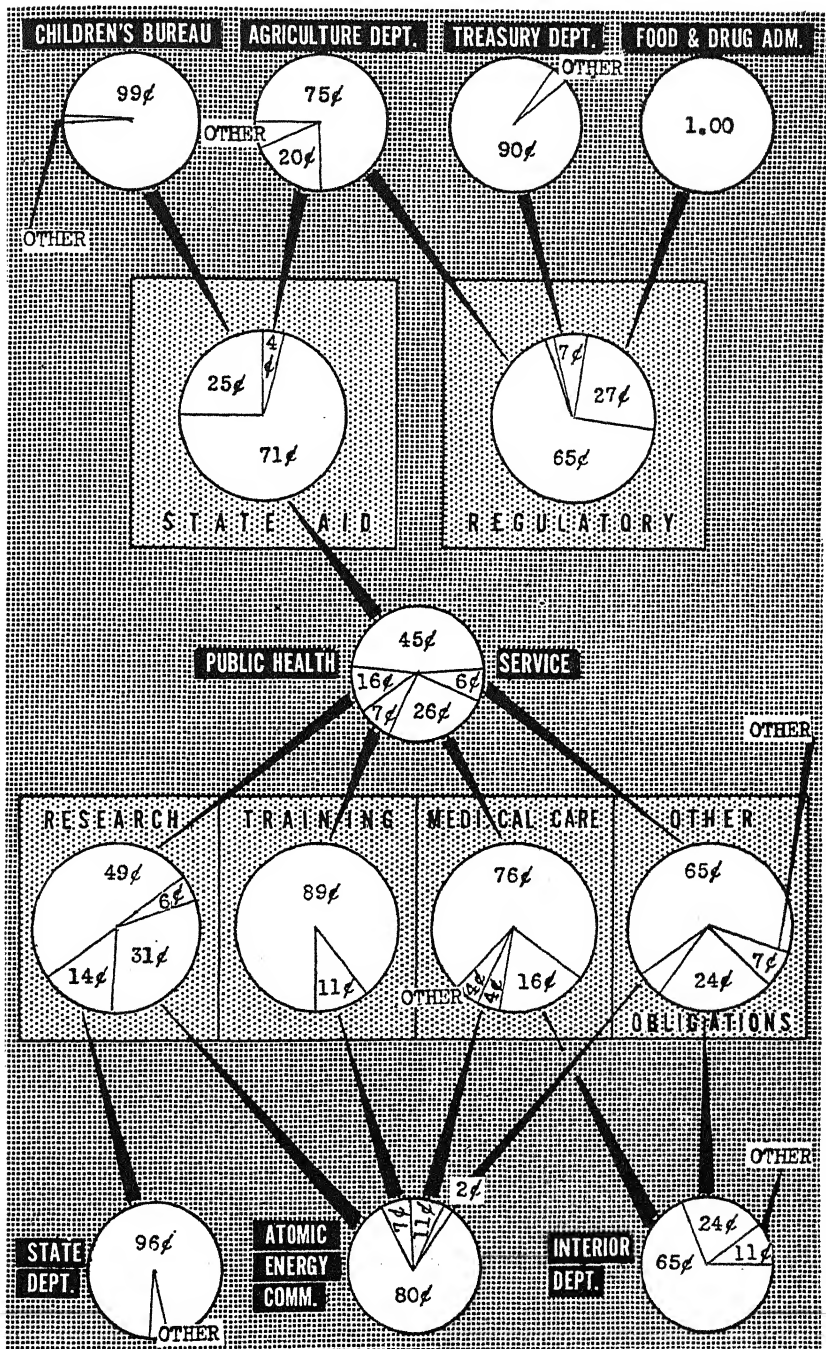
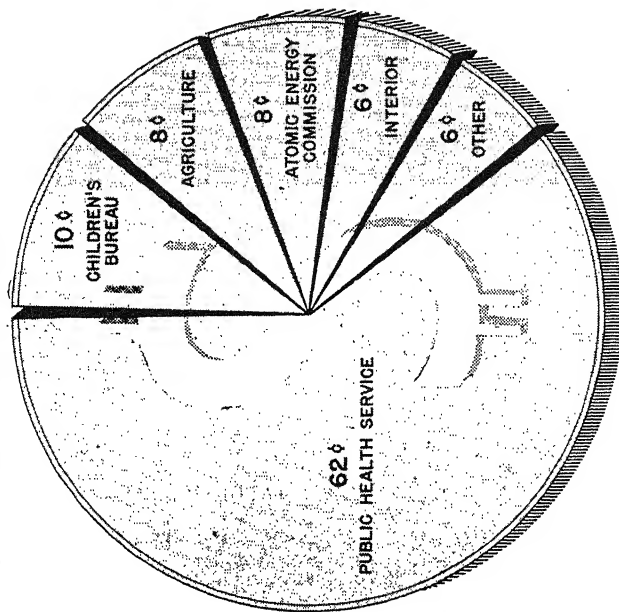


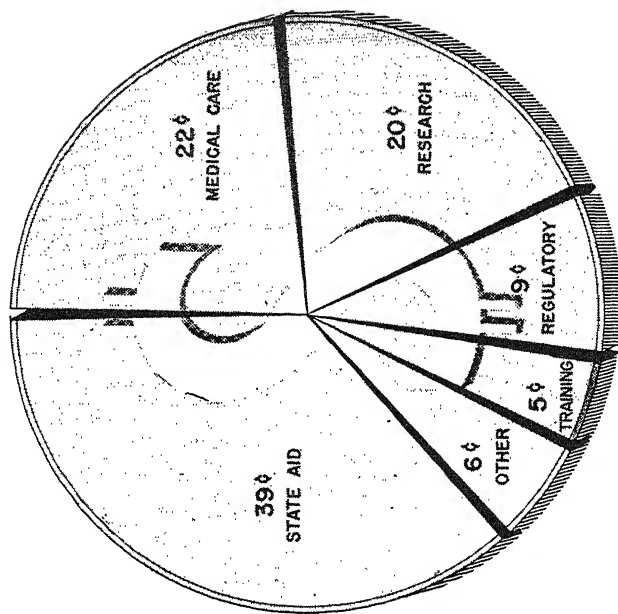
CHART I—The Public Health Dollar, Civilian Agencies, 1948

WHO SPENDS IT ?



SOURCE BY AGENCY

HOW IS IT SPENT ?



OBLIGATION BY FUNCTION

# CHART II—Distribution of Public Health Dollar, Civilian Agencies, 1948

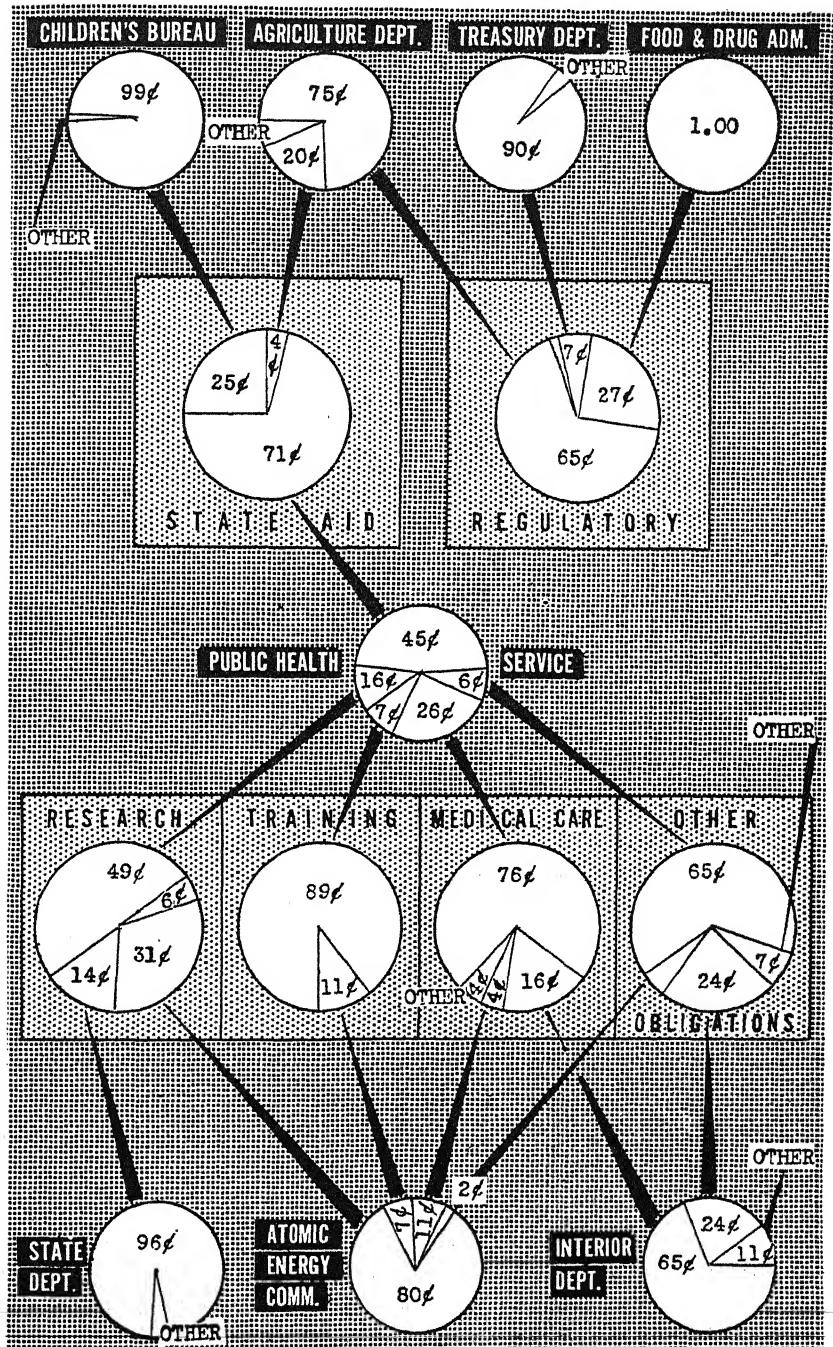


TABLE IV.—*Obligations by civilian agencies for public health activities, fiscal year 1948*

[In thousands of dollars]

Agency	Total obligations	Type of obligation					
		State aid	Research	Training	Regulatory	Medical care	Other
AMOUNT							
All agencies.....	208,261	81,594	42,591	9,649	17,860	45,195	11,372
Public Health Service.....	129,443	5,7935	20,967	8,549	128	34,493	7,371
Children's Bureau.....	20,870	20,602	31				237
Food and Drug Administration.....	4,816				4,816		
Agriculture Department.....	15,596	3,041	874		11,594	45	42
Interior Department.....	11,423		1,364			7,342	2,717
Labor Department.....	249						249
Treasury Department.....	1,430				1,287	143	
State Department.....	6,252		6,013				239
Housing Agency.....	116		116				
Federal Works Administration.....	893					893	
Tennessee Valley Authority.....	543	16	18			392	117
Federal Trade Commission.....	35				35		
Atomic Energy Commission.....	16,595		13,208	1,100		1,887	400

PERCENT BY TYPE OF OBLIGATION

All agencies.....	100.0	39.2	20.4	4.6	8.6	21.7	5.5
Public Health Service.....	100.0	44.8	16.2	6.6	.1	26.6	5.7
Children's Bureau.....	100.0	98.7	.2				1.1
Food and Drug Administration.....	100.0				100.0		
Agriculture Department.....	100.0	19.5	5.6		74.3	.3	.3
Interior Department.....	100.0		11.9			64.3	23.8
Labor Department.....	100.0						100.0
Treasury Department.....	100.0				90.0	10.0	
State Department.....	100.0		96.2				3.8
Housing Agency.....	100.0		100.0				
Federal Works Administration.....	100.0					100.0	
Tennessee Valley Authority.....	100.0	2.9	3.3			72.3	21.5
Federal Trade Commission.....	100.0				100.0		
Atomic Energy Commission.....	100.0		79.6	6.6		11.4	2.4

PERCENT BY AGENCY

All agencies.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Public Health Service.....	62.2	71.0	49.2	88.6	.7	76.3	64.8
Children's Bureau.....	10.0	25.3	.07				2.1
Food and Drug Administration.....	2.3				27.0		
Agriculture Department.....	7.5	3.7	2.1		64.9	.1	.4
Interior Department.....	5.5		3.2			16.2	23.9
Labor Department.....	.1						2.2
Treasury Department.....	.7				7.2	.3	
State Department.....	3.0		14.1				2.1
Housing Agency.....	.05		.3				
Federal Works Administration.....	.4					2.0	
Tennessee Valley Authority.....	.3	.02	.04			.9	1.0
Federal Trade Commission.....	.02				.2		
Atomic Energy Commission.....	7.8		31.0	11.4		4.2	3.5

## Summary of Recommendations

Agencies of Government which include health and welfare in their functions have never been static entities but growing organisms. Additional programs have always been developed within their struc-

ture as the will of the people, expressed in congressional action, has demanded Government action on new phases of the public health. Such is the history of the inclusion of foreign quarantine, health and safety protection for industrial workers, and the tuberculosis control, among many others, in the development of the Public Health Service. Other services have been included as our frontiers of knowledge have broadened and as a result of experimental research in the control and prevention of disease.

Many other agencies of Government operate under broad congressional mandates which allow some health activities to be carried out within their structure. This inherent quality of our Government structure precludes the making of fixed Government blueprints for health programs which develop out of our growing needs for health protection in new areas.

The inclusion of both these direct and indirect health activities in many agencies of Government may seem to a casual observer to produce overlapping and unnecessary duplication. However, on closer examination and as a result of this study, such apparent overlapping is frequently unavoidable and even necessary. Also this study reveals that, within the framework of Government, it is possible to enhance our public health protection by interrelating the health functions of the various Government agencies into a coordinated plan. At the present time where overlapping or duplication of services occurs, conferences and even agreements between the agencies concerned add to the efficiency of the services involved and prevent unnecessary waste as a result of mutual understanding. In general, emphasis should be placed upon close interdepartmental and interagency cooperation, rather than upon fixing existing health activities into a new system reconstructed solely on the basis of design.

In the following pages, specific recommendations are made for efficiency of operation. These may include transfer of agencies and coordination of services. A plan for coordinating the major health services of the Federal Government is herewith recommended.

## COORDINATION OF HEALTH ACTIVITIES

From this study, it is evident that at the present time there is no well-developed plan for coordinating the health activities within the Federal Government.<sup>8</sup> If our national health program is to be developed in accordance with the present trends in the field of positive

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<sup>8</sup>In 1935 the President reestablished the Interdepartmental Committee (Executive Order 7481) to coordinate health and welfare activities, and to sponsor cooperative working agreements among various Government agencies in the health and welfare field. It ceased to function in 1939. Also the Office of Defense, Health and Welfare Services was established Sept. 3, 1941 (Executive Order 8890), to supersede the Office of the Coordinator of Health, Welfare and . . . to coordinate all health, medical, welfare, nutrition . . . under the Federal Security Agency. It was abolished Apr. 29, 1943.

health,<sup>9</sup> health, and particularly public health, cannot be attacked by one agency of the Government, nor even by the Government alone, but by a concert of those agencies and private organizations, primarily interested in public health activities.

Therefore, the development of a committee organization, or secretariat, seems necessary if an efficient, integrated, over-all health program is to be carried out. Such a committee system should necessarily (1) bring about mutual understanding between member agencies of their individual health programs, (2) correlate facts about their programs in a simple, comprehensive reporting system for the public information, (3) take action to prevent undue duplication and overlapping of programs, (4) plan research and programs based on such research in areas yet untouched by present health activities, and (5) give consideration to our international health obligations.

The committee system would also provide for the appointment of subcommittees to investigate and report on their special activities which make contributions to a national health program.<sup>10</sup> It would coordinate groups now working on the operation level, such as committees and advisory councils which are composed of representatives of both Government and non-Government agencies and organizations concerned with their particular areas of interest. These groups have already demonstrated their sufficient usefulness to warrant their continuation as subcommittees under a general secretariat.

Such a committee undoubtedly should be placed where it could carry out its functions adequately and where the purpose and type of work will best serve the interests of the committee. As the Public Health Service is entirely dedicated to health activities, it therefore seems logical that the development of such a committee, located in a Bureau of Health of the Department of Health, Education and Welfare, would be the simplest plan for coordination of the Federal health activities. The question may arise as to whether the responsibility for setting up such a committee should be in the hands of the Secretary of Health, Education and Welfare (or even in his office) rather than being the legal responsibility of the Surgeon General. As such a committee will be entirely devoted to health activities, and in view of the available facilities in the Bureau of Health, we believe the committee should be located where the committee's functions will not be sidetracked by a mass of educational and other welfare problems.

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<sup>9</sup> Health is defined as "a state of complete physical, mental and social well-being, not merely the absence of disease and infirmity."

<sup>10</sup> The National Board of Health, organized by an act of March 3, 1879 (20 Stat. L. 484), was authorized merely to obtain information on all matters affecting public health and to devise a plan for a national health organization. The board functioned until 1884, after which the act creating it was repealed.

There is now established under the office of the Federal Security Agency Administrator an Office of Interagency and International Relations, which is concerned with health, education, welfare, and social insurance.



Provision should be made for the coordination of Federal and State health activities. The Association of State and Territorial Health Officers has been a useful coordinating mechanism. It might be improved by some representation from local health officials and perhaps other State officials responsible for operating health programs not under the health departments. Likewise it may be beneficial for the coordination of Federal health activities with those of voluntary activities where it seems that the Federal Government should play an active role as members of the National Health Council along with the voluntary health agencies, as for instance, the American Public Health Association, etc.

The assignment of technical health personnel from the Bureau of Health to other agencies would certainly assist in coordinating the health activities of the Federal Government. With a corps of trained personnel in various public health fields and professions, the Public Health Service, through its service group, should be able to promote coordination by assigning such personnel to other Federal agencies, State local health departments, universities, foreign countries, World Health Organization, etc. In the Federal Government this would permit the administration of health functions to remain with the agency performing them and would provide that agency with skilled personnel in the knowledge of public health programs.

#### COORDINATION OF HEALTH, EDUCATION, AND WELFARE

The suggestion often arises that there should be also an over-all committee or secretariat to coordinate the health, education, and welfare activities of the Federal Government. The Federal Security Agency is entirely dedicated to the welfare of human beings, therefore the development of such a committee under the secretariat of health, education, and security is a possibility, or, better still, it might be placed in an expanded Executive Office of the President with liaison with other agencies of the Government.

#### *Public Health Service*

Until recently the functions of the Public Health Service were related solely to sanitation and the prevention of disease. Public health problems were attacked in the belief that the absence of disease and infirmity connoted health. Gradually, we have come to appreciate the fact that social and mental factors are related to the health of the individual and his community. Today we define health as "a state of physical, mental, and social well-being." This concept of health has been developed on the basis of our expanding knowledge in such fields as psycho-somatic medicine, nutrition, etc.

Various agencies of the Federal Government have implemented their



services with those directly or indirectly related to health. These health activities were started independently of the Public Health Service. They operate in agencies of Government where they are related to the basic functions of the agency, such as in Agriculture, Education, Indian Affairs, etc. To isolate these health activities from their parent agency would rob them of their effectiveness. They serve health better where they are now placed.

In accordance with the present concept of positive health the activities of the Public Health Service are closely interwoven with the activities of the other bureaus of the Federal Security Agency which operate in the broad social and educational fields of human welfare.

If the Government decides to depend primarily on departmentalization to achieve coordination of the programs of these several agencies, the Public Health Service is properly placed in the Federal Security Agency. Proposals for an independent department of health should be considered only in the event that the Government establishes an effective central agency of overhead administration directly under the President to obtain coordination of programs that extend across departmental lines.

*Personnel assigned* by the Public Health Service should be chosen for assignment to other Federal agencies on the basis of their training, experience, and personal qualifications for this particular assignment, so that their special knowledge and technique of public health methods may apply more effectively to this assignment.

In the past the uncertain tenure of service, frequently short, has prevented these officers from becoming an integral part of the agency to which they have been assigned. Their knowledge and skills have not had an opportunity to be given full play, nor have they had the personal satisfaction of planning and developing a program. They should remain in an agency long enough to permit them to become an integral part of the agency.

Proper organization of *Federal field services* is highly important in public health where a major Federal function is that of providing technical assistance and stimulation to State and local health departments. Decentralized authority and simple, clear-cut lines of communication are essential. It is quite possible to separate scientific competence from responsibility for the "housekeeping" aspects of office management, which the new FSA regional plan is intended to accomplish. It should also be possible to separate the work of specialist consultants from that of grant-in-aid administration, thereby broadening the vision of the administrator and sharpening the competence of the specialist; this is an objective of the Public Health Service Committee on Organization.

Probably the outstanding function of the Children's Bureau is that of presenting everlastingly and persistently the needs of the whole

child in the fields of health, welfare, and education. The "team" approach has been useful though representation of the field of education in the Bureau has been minimal. If individual persons could be found or trained who would be able to represent the whole child in the regional offices as do the chief and associate chief of the Bureau in Washington, it should be possible for the Bureau to do an even more effective job than at present. The "team" has certain obvious disadvantages when it comes to dealing with State and local people, which would not be true of an individual.

If field offices are to function effectively, sufficient travel funds must be provided to allow headquarters and field to maintain close liaison, and to permit field personnel actually to work with State and local governments. If travel money is inadequate, the district office tends to operate behind an iron curtain with only the mail "air lift" as a channel for communication.

### *Recommendations in Specific Fields*

1. Decentralization of authority and simple lines of communication with the field should be constant objectives. The regional office plan of the FSA now being set up is generally sound and implements these aims.

2. Separation of "housekeeping" administrative responsibility and scientific activities is desirable in the regional offices. It should be possible under the new FSA plan.

3. Channels of communication between program bureaus in Washington and their representatives in the regional offices must be clear without the interposition of administrative checks by regional directors. This does not mean that the regional director should be frustrated in well-considered attempts to coordinate agency programs and to integrate the health, welfare, and educational work of the agency.

4. Specialist consultants in the health field should be available to regional offices, but assigned to duties enabling them to pursue their specialized work actively most of the time, rather than being stationed directly in the regional office. Recommendation of the Public Health Service Committee on Organization regarding district offices should be carried out; it should also be applied to the Children's Bureau.

5. Field representatives of the Children's Bureau should embody in the highest possible degree the coordinated approach to all the problems of children. A policy should be followed of placing a single individual conversant with the broadest possible range of childhood problems to represent the Children's Bureau in regional offices.

6. Centralization of fiscal and merit system audits by the FSA is thoroughly justifiable, but it is highly important that the bureaus

responsible for program operations retain opportunities to determine policy within their particular fields in matters involving professional judgment.

7. Adequate travel funds are essential to the efficient operation of field offices.

#### DISASTER PREPARATIONS

Acts of nature, such as floods, hurricanes, epidemics, etc., often assume disastrous proportions that require public health assistance.

The American Red Cross as a quasi-governmental organization and the National Foundation for Infantile Paralysis play an indispensable role in mobilizing health resources in time of disasters. Both these organizations are demonstrating the importance of teamwork with governmental and voluntary health agencies in areas where public health catastrophe service are needed—service that has frequently been inefficiently applied in the past, due to the lack of cooperation between Government and local health agencies.

The Public Health Service has recently set up the Health Emergency Planning Unit in the Office of the Surgeon General to correct this deficiency and to “plan for a coordinated program for safeguarding public health during a national emergency.”

To this end the Health Emergency Planning Unit in the Public Health Service has a useful function in planning for public health participation in disasters and should be continued, its staff being augmented as may be required.

#### GRANTS-IN-AID

Grants-in-aid have been in existence almost as long as our Government, but the first important grant for health work appeared as part of the Social Security Act of 1935. Subsequently, a number of others were enacted into law and about a dozen are now in operation.

#### *Laws Not Uniform*

1. The laws setting up the several grants-in-aid are not uniform in their underlying philosophy as to the Federal-State relationship in public health administration. Some specifically state their purpose to be an “enabling” one, while others tend to emphasize operation by a Federal agency. Economy and efficiency call for clarification of this point.

It is recommended that the Congress reexamine the laws which have set up grants-in-aid with a view toward codifying and unifying them. This would require a determination as to the role of the Federal health agency in the administration of public health; whether it is to be a supervisory agency with powers to control practices in the various

States, or whether, at the other extreme, it is to be merely a dispensing agent with no authority to set even minimum standards. The best stand would be at an intermediate point, instructing the Federal health agency to permit as much administrative autonomy in the States as possible, so that the latter may use the funds most effectively. The Federal agency on the other hand must be satisfied that the State has a plan for a program in which the funds are to be used, and that plan is sound from the point of view of local needs, effectiveness of proposed procedures, and judicious use of the funds. Beyond this, the State health authority should be the determining factor in the administration of the program, so long as the approved plan is carried out.

### *Classes of Grants*

2. The grants may be classified chiefly as pertaining either to a group of persons or to a disease. The trend in recent years has been to add categories as interest was aroused, and the continuation of this trend indefinitely will result in a further accumulation of heterogeneous laws, varied administrative practices, and deleterious effects on grantees and public. Each State has its own health problems with considerable variation from one State to another, and emphasis of attack must differ. Categorical grants tend to be too restrictive as regards determination of use by the State health authority. The granting of "block" funds to a State for all purposes combined, such as health, welfare, education, roads, etc., is condemned as tending to foster political juggling of use of these funds. Any consolidation of categories should not go beyond a classification of grants for general health purposes as an extreme.

It is recommended that Congress reconsider the categorical versus the general approach in the promulgation of grant-in-aid programs. Fewer categories would increase the determinative powers of the State health authority, allowing it to concentrate more upon the public health problems which exist in that locality.

### *Carrying Out Grant-in-Aid Laws*

3. The responsibility for carrying out the provision of each act having to do with grants-in-aid is definitely placed, but with no uniformity. The Public Health Service carries most of the current programs and three categories are now outside of it. Though consolidation is not indicated, the three agencies involved should coordinate their grant-in-aid programs.

With several new acts, additional advisory councils have been set up, seemingly a top-heavy organization. Either with or without the categorical system, a general advisory council (with specialized consultant committees) would facilitate the administration of these

programs. The use of the same council by the Children's Bureau and the Office of Vocational Rehabilitation would bring the programs of all three agencies closer together.

It is recommended that the Congress codify the laws which provide funds for grants-in-aid with a view towards unifying their provisions and their placing of administrative responsibility. The present categorical councils should be transformed into consultant committees to the National Advisory Health Council.

#### *Apportionment of Funds*

4. The funds in most of the programs are apportioned through the use of a formula which weighs: (a) Population, (b) financial need, and (c) extent of the problem. Others consider one or more of these factors, but not all of them. In one instance (dental) the entire matter is left up to a recommendation of the advisory council. Unification in this respect, whether or not the categorical system is retained, would clarify many issues.

It is recommended that the Congress review the modes of apportionment as written into the present acts and codify these provisions so that there is unification. Mode of apportionment on the basis of (a) population, (b) extent of the problem, (c) financial needs of a particular State, (d) such other factors as the advisory council may recommend, would be equitable and reasonable. "Financial needs" should receive more relative weight, in accordance with the basic philosophy of grants-in-aid.

#### *Qualifications of Recipient*

5. The conditions that the recipient must meet in order to qualify for a grant vary from one act to another. Especially confusing is the requirement in some that the State match the funds, in others that they pay one-third, in others there is no mention of the proportion. Here, too, more rational provisions in the legislation are indicated.

It is recommended that the Congress revise the acts with respect to the conditions that the recipients of grants must meet in order to rationalize these requirements. It is recommended that these requirements be general rather than specific, and that the Surgeon General be required to consult with the State and territorial health officers and with the National Advisory Health Council before he promulgates any regulations which govern the conditions which should be met by the States, and that the administrators of other programs consult analogous bodies.

#### *Administration of Program*

6. Some acts specify that the State health authority shall administer a grant-in-aid program, some specify a State agency, others

make no specific requirement. In order that the standards of public health work be maintained, and even advanced, health work must be the responsibility of a group professionally qualified to do the job. The State health authority is the agency best qualified for this purpose, and the Federal Government, in the interest of raising standards, should foster the channeling of health grants-in-aid through it insofar as is possible.

It is recommended that all grants-in-aid relating to health work be administered within a State by the constituted health authority of that State. Merit system requirement should be a legal provision and not a regulatory one.

#### *In-Government Grant Administration*

7. Within the Public Health Service, grants are administered by five divisions within the Bureau of State Services and by three divisions elsewhere. In addition, two other grants operate within the Children's Bureau and one other in the Office of Special Services. Obviously, this situation requires reorganization.

It is recommended that the Public Health Service reorganize its grant-in-aid functions in order to place the administration of these funds in one unit of the Service, namely a Grants Division to be established in the Bureau of State Services, with the "technical" divisions acting in an advisory capacity. The Children's Bureau and Office of Vocational Rehabilitation should coordinate their grant-in-aid programs with those of the Public Health Service.

#### *Statutory Definition*

8. Rules and regulations define and interpret the terms used in the legislative acts. There is some diffusion here, but codification of the acts would lead to simplification of the regulations. The extent to which specific requirements are made of the recipients is nicely balanced and places most of the responsibility for planning and execution upon the State (where it belongs).

It is recommended that new rules and regulations be written in accordance with the content of any codification of existing laws on grants-in-aid or any consolidation of the responsibilities pertaining thereto. These new regulations should keep the same balance of responsibility between the Federal agency and the respective States.

#### *Supervisory Functions*

9. District officers of the Public Health Service (and of the other two Federal agencies herein mentioned) act in an advisory and consultative capacity to State health (and other) agencies. There are,

in their relationships, some aspects of the supervisory function, but this could and should be minimized as much as possible.

It is recommended that with relation to the States, the consultative and advisory functions of the district offices should be emphasized and their supervisory functions minimized.

### *Progress of Grants-in-Aid*

10. Grants-in-aid have been responsible for: (a) An increase in the number of local health units; (b) coverage of a greater proportion of the population with local health services; (c) the promotion of training and placing of large numbers of well-qualified public health workers in positions where they could best serve the public; (d) the stimulation of interest in public health and the participation of State and local funds; (e) research, both basic and applied; (f) etc.

In short, grants-in-aid have made possible the extension of more and better health services to the people. Further progress is anticipated.

It is recommended that grants-in-aid be considered to have evolved through the "experimental" phase, and recognized as a reasonable and just function of the Federal Government.

### HEALTH EDUCATION

1. The Federal Government should engage aggressively in health education of the people, coordinating its activities with national voluntary health agencies and with State and local health departments.

2. The Public Health Service because of its very broad interests and duties should take primary responsibility for the coordination of all health education carried on by agencies of the Federal Government to avoid overlapping and duplication as well as to promote complete coverage of the field. Agencies other than the Public Health Service with important health programs may use health educators and health education techniques advantageously in serving the people, but their work should be correlated with similar work by other Federal agencies.

3. The Office of Health Education in the Public Health Service should advise with all other units of the service on health education matters.

4. The Office of Education should develop an active program of school health education to assist State and local departments of education.

5. The Federal Government should consider the teaching of preventive medicine to medical students as the field of medical education in which Federal subsidy has the greatest possibility of usefulness.

6. Federal subsidies to institutions and field centers training public health workers should be provided.

## RURAL HEALTH

Remedies without number have been suggested, and only a few will be mentioned here. Improvement in farm income is basically important and this has been accomplished to some extent. Extension of full-time well organized local health units throughout the rural areas is fundamental, and there is little question in the minds of those familiar with the development of such units that some Federal subsidy is necessary to stimulate their extension to provide the entire population with basic health services. Upon this structure additional services may be built readily. Community hospitals and health centers must be provided in rural and semirural areas to attract medical personnel. Modern health workers have been trained rightly to realize that they cannot bring the benefits of present-day medicine to their patients without minimum facilities. Methods of mobilizing purchasing power for medical care through prepayment plans in which the consumers have a voice must be developed and adapted to rural problems. All preventive and treatment services must be coordinated through local health councils and similar devices.

The answer to the problem of rural health is complex but it can be found. Particularly in States with a high percentage of rural population, the Federal Government has an essential role to play in finding this answer.

It is recommended that the Federal Government through grants-in-aid, technical assistance and other means should increase its participation in solution of the rural health problem. Grants are needed especially to promote the extension and improvement of full-time local health departments and to assist in the building and maintenance of hospitals and health centers.

## MENTAL HYGIENE

Preventive mental hygiene services are conducted by several agencies of the Federal Government and, through Federal subsidies, by the several States and other public and private agencies. Federal programs have usually been a part of general health services, and have been implemented by mental health education among Government employees (including military personnel). In addition, the National Institute of Mental Health has begun a research program, and plans for demonstration mental hygiene programs have been formulated.

State plans have stressed mental hygiene clinics, mental health education programs in cooperation with community agencies, training of personnel, and a certain amount of research. Grants-in-aid have helped institutions and individuals in training and research. Because the Mental Hygiene Division works so closely with States, its position in the Bureau of Medical Services is somewhat anomalous.



A more logical administrative arrangement would place it in the Bureau of States Services where it could work more closely with the Division of Grants.

Since mental hygiene is a relatively new activity in public health practice, much about it remains to be defined. The meaning of mental well-being (individual, community, national), cause and effect relationships, host versus environment (to borrow an epidemiological concept), administrative considerations; these and others need to be worked out through experience and critical evaluations.

It is recommended :

1. That the National Institute of Mental Health be responsible for integration of research projects carried on by States, universities, hospitals, other institutions or agencies, and by its own staff.

2. That the administration of the two hospitals now operated by the Division of Mental Hygiene be transferred to the proposed Medical Care Service of the National Health Administration.

3. That the Division of Mental Hygiene be transferred from the Bureau of Medical Services to the Bureau of State Services.

4. That the Division of Mental Hygiene in the Public Health Service be responsible for carrying out demonstration programs, in co-ordination with the activities of State and local agencies and with the National Institute of Mental Health.

5. That the Division of Mental Hygiene supply consultant services to States and other agencies through the district offices of the Public Health Service, and continue to study the programs evolved by these agencies critically and analytically.

6. That grants-in-aid to States and other agencies and individuals be continued, being administered by a Division of Grants with the Division of Mental Hygiene acting in an advisory capacity.

7. That training of personnel continue in effect to meet the problems of shortage and poor distribution of qualified specialists.

8. That the Mental Hygiene Unit of the Employees' Health Service expand its work to extend to all employees and place additional emphasis on the job and family relationships of the individuals.

#### INTERNATIONAL HEALTH

International control of narcotics began with the Shanghai conference on opium in 1912, and of pestilential and contagious diseases about 100 years ago. These controls confirm the fact that in the field of health, nations can meet together in a spirit of understanding and friendship and arrive at firm decisions which are carried through

to an effective conclusion for the betterment of mankind. It also confirms the fact that within the United States, various Government agencies and private organizations can work together to attack health problems, international as well as national in scope.

The newly created World Health Organization gives top priority to other health problems such as communicable diseases (tuberculosis, venereal diseases, malaria), maternal and child health, sanitation, and nutrition, problems capable of being attacked internationally, but which must be controlled nationally if we are to raise the level of our own health and efficiency.

The Interim Quarantine Commission of World Health Organization not only made possible the control of the cholera epidemic in Egypt in 1947 but pushed forward our frontiers of knowledge on quarantine control to the benefit of every nation in the world.

Experience has therefore shown that the solution of these far-ranging national and international problems cannot be immediately obtained. The control of narcotic drugs was 37 years in the making. The first law for the control of "pestilential diseases" in the United States was enacted in the "Province of Carolina" in 1712—237 years ago. The world, however, is smaller and moves much faster today. The ability to work together in these areas is basic to our very existence, our health and efficiency, and is almost imperative today. Real progress points to the need for intensified cooperation with other countries of the world through the World Health Organization.

#### ENVIRONMENTAL SANITATION

The report on a Nation-wide inventory of sanitation needs<sup>11</sup> gives considerable information on the extent of work yet to be done if everyone is to have a safe and healthy environment. The report recognizes the fact that the country's sanitation needs are far beyond an immediate goal and that they all depend upon changes in the economic, cultural, and social pattern of the community. An effective organization for the practical solution of community sanitary problems must take into consideration the local attitudes and desires of the community as well as the economic conditions.

To provide an environment conducive to better social and physical health, educational work and technical advice are needed, as well as cooperative effort of Federal, State, and local agencies. This will require additional personnel, financial assistance where advisable, and cooperative long-time planning. Although there is considerable duplication of sanitary services in the various agencies, this duplication is unavoidable as these services can best be given by these agencies as part of their major functions.

<sup>11</sup> Supplement No. 204 to the Public Health Report, April 1948.

The problem of controlling the sanitary quality of milk has been a source of friction between the agricultural and health branches of government at all levels. The agricultural interests have been concerned primarily with the economic aspects and those in the health field have focussed their attention on control of disease. As both approaches have value, it is recommended:

That production on the farm be the chief concern of Agriculture, and that health agencies concern themselves primarily with control of processing and distribution phases of milk sanitation.

#### INDUSTRIAL HYGIENE

Proposal for consideration of the overlapping jurisdiction between the Departments of Labor and Industrial Hygiene Division of the Public Health Service in regulatory powers in State departments of labor and health.

The State departments of labor operate under State laws which, in every instance, have given them powers to inspect and to enforce regulations for the control of industrial health hazards in conformity with the State law.

The industrial hygiene divisions in State departments of health have been greatly augmented through grants-in-aid to their State programs. Inasmuch as Federal funds become available for this purpose without necessity of excessive State matching, the States, as might be expected, have tended to reduce or to discontinue appropriations to State labor departments for factory inspection and enforcement of industrial health and safety laws.

Under their augmented programs, State industrial hygiene units in State public health departments are now sponsoring legislation in individual States which give them regulatory powers for the control of industrial health and safety in industry. In the seven states where they have succeeded in passing this legislation, there are two sets of inspectors with overlapping jurisdiction giving orders to management for the correction of working conditions in their plants. This problem is discussed in the chapter on Industrial Hygiene.

The solution which has seemed reasonable to the State of California (by informal agreement between directors of industrial relations and public health), the Bureau of the Budget, and Bureau of Labor Standards would be to establish, on the Federal level, a functional division between safety problems, including accident prevention, and health problems, including the control of occupational diseases. States should be encouraged to unify their industrial health codes to avoid conflicts, and if they wish to place their inspection service on a unified basis, this should also be encouraged.

It also seems as logical to assist State departments of labor in their training of personnel, enforcement programs, and improved administration of State laws regulating conditions of employment, by a grant program as to assist State health departments through grants in developing an industrial hygiene program.

## MIGRANT LABOR

Migrant labor has been defined as referring to those workers who are engaged in seasonal or temporary employment, and who do not have the status of residents. The health of these migratory workers involves not only the workers themselves but also those people with whom they have transitory contacts. These conditions are favorable to the spread of communicable disease and control measures are required.

There is little doubt that many of these health aspects of the problem require Federal action and to this end it is recommended that:

1. The Federal Government should take the initiative in focusing attention on the health problems created by interstate movement of migrant labor, and should enlist whatever aid is possible from State and local government and employer groups involved.

2. Grants-in-aid should be made available to States affected by the migrant labor problem to assist in building up and maintaining strong health services to control communicable disease and provide medical care for such of these workers as cannot be cared for otherwise.

## NUTRITION

This section on nutrition will deal first with consideration of what the broad policies should be and then with the methods and procedures through which they can be effected.

The policies should include:

1. Obtaining the necessary data for the formulation of national nutrition policies and the planning of programs.

This would include compilation and evaluation of information from nongovernmental sources as well as stimulation and carrying on of original research. Complete and impartial information in a form to be understood by representatives of the public without intensive scientific training would be available to the legislative arm of the Government. Data in technical form would be used by agencies concerned with health, welfare, education, and agriculture.

2. Planning and carrying out programs directed toward attainment of optimal nutritional status for the people of the country.

These would include educational and service programs through which nutritional knowledge would be made to function in the every-

day living of the people; and such agricultural programs for the production and adequate distribution of foods essential to health as shall make them available to all families of the Nation within their purchasing power. The Federal Government would support and encourage activities undertaken by State and local governments and non-governmental agencies. It would also assume immediate responsibility for certain activities which could not otherwise be dealt with efficiently. For example, measures for safeguarding the nutritional status of migrants.

3. Cooperation in intergovernmental efforts to free the world from hunger and undernutrition.

This would include working through such specialized agencies of the United Nations as the Food and Agriculture Organization, World Health Organization, UNESCO, of the International Children's Emergency Fund.

### *Recommendations*

To carry out such a broad policy will involve:

#### *a. Research, service, and educational programs*

Efforts to improve nutrition must be an integral part of agricultural, health, welfare, and educational programs of the Government and nonofficial agencies and organizations. Each of the agencies working in these fields should have adequately staffed nutrition units to see that that aspect of the program is dealt with efficiently. This is the philosophy underlying the wide distribution of nutrition personnel through Federal agencies at the present time.

One of the major functions of each of the governmental agencies employing nutrition workers would be to carry out its objectives in cooperation with nongovernmental organizations concerned with nutrition. For this purpose any agency, within the broad policies of the national nutrition program, would be free to work independently with outside groups in the field of its special interest. For example, the agency or agencies concerned with the administration of school-lunch programs would carry on detailed conferences with manufacturers of equipment for school kitchens. The agency or agencies concerned with public health would work with professional organizations setting standards for workers in this field and with the educational institutions providing courses of instruction meeting these standards.

Joint planning would be needed for the satisfactory execution of certain overlapping activities of Federal agencies in the nutrition field. For example, research on the relation of soil to the vigor and nutritive content of plant and animal products grown in a given area and to the nutritional status of the human beings subsisting on these products

would require cooperation between agricultural and health agencies. It would be expected that these agencies would enter into such agreements as are necessary without involving agencies not immediately concerned with this program.

In summary, much of the nutritive work of the Federal Government would be carried out by the respective agencies in the broad fields to which nutrition makes a contribution. Certain activities would call for joint planning and cooperation between two or more governmental agencies or between a single Federal agency and a nongovernmental organization.

#### *b. Coordination of service, and education programs*

The Federal agencies that carry on educational and service programs in fields related to nutrition have already discovered that they have interlocking interests that call for clearance and coordination. The so-called Nutrition Planning Committee provides a partially satisfactory answer to this need in that it gives an opportunity for the agencies carrying on field programs to meet regularly and to exchange information on current and proposed activities at the Federal and State levels. The principal handicaps to the effective functioning of this committee in the limited scope that it has set for itself are: (1) The lack of complete independence related to the fact that nutrition programs which provide the secretariat for the committee are directed at least nominally by the director of one of the member agencies of the committee; and (2) the lack of technical training on the part of any member of the secretariat. Even so a coordinating body of this nature has demonstrated sufficient usefulness to warrant recommendation of its continuation, and placement in an administrative setting that would facilitate well-balanced handling of the interests of the member agencies.

Since most of the Federal agencies carry on most of their educational and service programs in nutrition through grants-in-aid to State agencies, they recognize the need for encouraging coordination at the State level through State nutrition committees, which are active in some States and exist in most. The Nutrition Planning Committee has attempted to maintain contact with these State committees through the designation of a field worker in one of the member agencies as a liaison officer. Although shortages in field staff and in travel funds have interfered with the smooth operation of this plan, it seems to have potentialities that justify its further development. On one hand, field workers of Federal agencies who are confronted with the total nutrition activities and problems in the State, of whose committee they serve as a liaison officer, see their own program in true perspective and bring back to Washington the breadth of understanding that makes for true Federal cooperation. On the other hand, State agencies have been impressed

favorably by this concrete evidence of harmonious working relationships among their Federal counterparts.

*c. Joint action at the policy-making level*

It is at the level where planning, standard-setting, and the formulation of policies are carried on that the nutrition interests of the country receive least adequate consideration. Only in the research field, where the Food and Nutrition Board of the National Research Council has provided a meeting place for national leaders in nutrition and related sciences, has a considerable measure of success along this line been achieved. The effectiveness of the Food and Nutrition Board has been hampered by the precariousness of its financial backing, entirely from nongovernmental sources. Moreover, in the absence of a similar organization of those correspondingly expert in aspects of nutrition work other than research, the Food and Nutrition Board has diverted some of its energies to matters on which it cannot speak with the full authority desired.

The creation of a National Nutrition Council has long been under consideration and has been recommended most recently by the Nutrition Section of the National Health Assembly in May of this year. It is assumed that such a body would provide not only for coordination of existing nutrition endeavors of all kinds but would also give governmental and nongovernmental bodies an opportunity to consider jointly the total national needs together with our international obligations and to plan on the best way to deal with specific problems. Such a body could present the importance of an adequate supply of expertly trained workers in the various fields of nutrition and the desirability of making explicit provision for such workers in any program of Federal aid for scientific training. Within the National Nutrition Council, there would be room for such bodies as the Food and Nutrition Board and for a parallel group of specialists in the application of nutrition knowledge to the national welfare. There would be a place for the committee that would realize the potentialities of the present Nutrition Planning Committee in coordinating the field services in nutrition of the various operating agencies; there would also be arrangements for joint planning by the policy-making officials of these same agencies. A Nutrition Council would function most effectively set up as a part or section of the Health Council which is suggested in the recommendations. Distinguished specialists in nutrition, both in government service and in private organizations have had wide experience in guiding the development of interagency nutrition committees. They know both the resources and the problems inherent in setting up a broad national program.

Also, good nutrition practices are of sufficient importance in carry-

ing out many public-health programs, such as communicable disease control, mental health, industrial hygiene, institutional and hospital programs, health services to Government workers, etc., to give division status in the Public Health Service to a nutrition program.

## PREVENTIVE MEDICINE

Preventive medicine as applied to the individual and his family and public health as applied to the community are integral parts of a balanced health program. Other activities included are health promotion, medical care and rehabilitation. All are supported by research and education. Only by support of all phases can the best and most economical results be achieved.

1. Generous support of preventive measures and those which promote health will reduce the costs of medical care for disease and injury.

2. As the wards of the Federal Government comprise one-seventh of the total population, expenditure of Federal funds for general health promotion and disease prevention among the population as a whole will produce more than general health benefits for the Nation. Very considerable savings will result in the Federal Government's obligations to its own wards for medical care.

3. Very intensive preventive measures are financially justifiable for Federal wards. There is every reason to expect that expenditures for such measures will be repaid many times over by savings in medical care costs.

## THE CHILDREN'S BUREAU

During its 37 years of operation, the Children's Bureau has developed services in those areas in which the rights of children have needed protection, such as: Children living under improper home conditions, juvenile delinquents, crippled children, and children working in industry. It has been responsible for legislation to protect children. It has a research program, but is not allowed to make research grants. It operates, under title V of the Social Security Act, three grant-in-aid programs: (1) For maternal and child care, (2) for crippled children, and (3) for child welfare services.

When the Children's Bureau was in the Department of Labor it enjoyed a remarkable degree of autonomy, with the Chief being directly appointed by the President. At present the Bureau is administratively under the Social Security Administration and the Chief does not have direct access to the Federal Security Administrator. This arrangement makes it administratively difficult for the Bureau to perform its assigned functions of concerning itself with all the problems of children; of developing plans to meet these problems;



and, in general, making sure that children are considered in all the planning of the FSA.

It is therefore recommended that, in order to perform this broad function properly, the Bureau should be placed in the organization of the proposed Department of Health, Education, and Security in a general staff capacity where it can advise the Secretary of the new Department as well as the Directors General of Health, Education and Security.

It is also recommended that the scope of the Bureau be broadened somewhat beyond its present fields so that it may be equipped to deal more adequately with problems in the educational field.

The grant-in-aid programs for which the Children's Bureau is responsible have been administered admirably. Tremendous strides have been made in making maternal and child health available to people, though much remains to be done. Nevertheless, there is no unanswerable reason for leaving the grant-in-aid programs indefinitely with the Children's Bureau. Its primary functions should be those of research, planning, and promotion. A large administrative responsibility is inconsistent with the maximum performance of the Bureau's proper functions. Unquestionably, funds should be available for demonstrations, for training personnel, and for research conducted on a direct and a grant basis. It is therefore recommended that as soon as the Public Health Service develops a more unified approach to the administration of its own grant-in-aid programs, and as soon as the promotional phase is passed in the grant-in-aid programs now operated by the Children's Bureau, the health grant-in-aid programs should be transferred to the Public Health Service.

#### OFFICE OF VOCATIONAL REHABILITATION

It is recommended that the medical services aspect of vocational rehabilitation should be retained as part of the over-all program of the Office of Vocational Rehabilitation, though at the State level there are strong arguments for the administration of medical services by the agency responsible for the development of services to crippled children.

Assignment of medical officers from the Public Health Service to the Office of Vocational Rehabilitation to advise on the medical service activities is a wise procedure and should be continued. (See Public Health Recommendation.)

#### FOOD AND DRUG ADMINISTRATION

As the Food and Drug Administration is designed by law for the protection of health, it should be transferred to the Public Health Service in the proposed Section of Health Standards and Inspection in order to strengthen its law-enforcement powers. Furthermore,

regulatory powers within the Department of Agriculture which are in any way related to health should be consolidated under the Food and Drug Administration.

The research facilities of the Food and Drug Administration are established by law to implement its enforcement powers. Some research is vital in obtaining the knowledge necessary for law enforcement.

Under the National Biologics Act, the Biologics Control Laboratory operates in the National Institute of Health, Public Health Service, and the Virus, Serum, Toxin Act is administered by the Bureau of Animal Industry, Department of Agriculture. Both the Public Health Service and the Bureau of Animal Industry are chiefly concerned with the therapeutic value of biologics. Both are regulatory activities, one affecting man and the other animal. The control of animal biologics should be retained in the Bureau of Animal Industry, Department of Agriculture. The control of biologics dealing with man should be transferred from the Biologics Control Laboratory, National Institute of Health, to Food and Drug Administration. The control of both human and animal biologics has been sustained through professional channels of both the physician and veterinarian.

Under existing law, the Food and Drug Administration in the Federal Security Agency, has control over the misbranding, false labeling, and adulteration of foods, drugs, cosmetics, and devices, while the Federal Trade Commission is given specific authority over misleading advertising of these same products.

For a period of years there has been need for the clarification of the functions of these two agencies in these closely related areas. The problems presented in this controversy are not directly related to the public health nor is this controversy within the province of this study. However there is abundant evidence of the need for a clarification of the functions of both these agencies by a codification of all the laws which pertain to the falsification of information in relation to foods, drugs, cosmetics and devices.

#### TENNESSEE VALLEY AUTHORITY

*Division of Health and Safety.*—In areas where TVA operates, it has assumed health obligations similar to those of both local and State agencies but always cooperatively with such agencies. This was necessary in the beginning of TVA's construction work as the impounding of streams and the shifting of population groups created health problems beyond the control of local health authorities. Thus it became necessary for TVA to provide health protection for people living in the Valley States who were exposed to the hazards of its construction and operational programs.

Through the cooperation of Federal, State, and local health agen-

cies working with TVA, great advantages in the technical developments of the Valley States' health program have accrued. However, as the local and State health agencies are able to extend their services to meet the usual functions of State health needs of this area, the health activities of TVA should then be responsible for only those health conditions which its activities have created and which are beyond the normal control and responsibility of the local and State Governments.

All usual types of local health activities should be carried out on a local and State level with complete responsibility resting with the authorities of State and local governments. To meet this end, TVA has admirably assisted for it has consistently withdrawn its support as rapidly as other agencies could assume the burden. Moreover, it has sought and is still seeking the development of methods and relationships by which problems concerned with its own responsibilities can be dealt with under the administrative management of cooperating health agencies of the Valley.

TVA has unique opportunities to stimulate and initiate the development of projects in special fields related to public health problems of the Valley. For example, in nutrition its studies and developmental work stop short of human nutrition, yet this is related to plant and animal nutrition.

It is recommended :

1. That TVA should continue those activities which prevent adverse effects created by its activities on the region and its people.
2. That it should continue to operate in the development of those health activities which will enable the region to realize complete health protection.
3. That insofar as it is possible within the framework of its cooperative relations with health agencies of the area, it should consider the desirability of appropriate activity in this and other fields when opportunities for constructive collaboration in useful projects occur.

#### FEDERAL WORKS AGENCY

It is recommended that the actual construction of hospitals should be a function of the Federal Works Agency.

Public Health Service may well be responsible for studying needs, indicating hospital standards, and types of construction in the field of health.

Agencies such as the Public Health Service should not operate such facilities as the Federal Government maintains in other agencies for direct services, as in the field of construction.

Cooperative construction programs when the Federal Government participates on the grant-in-aid basis or as a lending agency and where

the actual construction is carried on by the State and locality are in a somewhat different category from Federal construction per se. Under such circumstances the administrative rules of the Federal Works Agency or the Public Health Service should be determined by decision as to whether the major role of the Federal Government is that of construction or assistance with the determination of needs and priority and the fixing of standards. For general discussion between the functions of Federal Works Agency and Public Health Service, see section on Federal Works Agency.

#### DEPARTMENT OF AGRICULTURE

The Department in its postwar health planning anticipates the promotion of its health-protection program among rural people. It is logical that this program should have the benefit of the medical and health services of the Public Health Service. In this respect it is recommended:

1. That since the Public Health Service has assumed the responsibility and leadership in all areas of public health activities, the initiative and direction should rest with the Public Health Service and not with Agriculture.

2. That insofar as possible the Department of Agriculture should work in cooperation with the Public Health Service and keep it informed on all health problems within rural areas.

3. That the regulatory functions now in the Department of Agriculture regarding human health should be transferred when feasible to the Food and Drug Administration. (See Food and Drug Administration.)

4. That as the Biologics Act is concerned principally with the therapeutic value of serum, toxins, and viruses in the treatment and control of animal diseases, it should remain in the Bureau of Animal Industry, Department of Agriculture.

*The Bureau of Human Nutrition and Home Economics.*—The Bureau of Human Nutrition and Home Economics, as far as its health activities are concerned is well placed in the Department of Agriculture. While there is some overlapping in the nutritional studies of the Bureau with Public Health Service and other agencies of the Government, it is small in comparison with the interrelations of the Bureau's scientific cooperative work with the Experiment Station Extension Service of the Department of Agriculture, and with land grant colleges that work closely with the Department of Agriculture. As has been stressed, the Bureau cooperates in a wide field of activities with Federal and State agencies, as well as with nongovernment agencies. This cooperative service should be exercised, especially with

the Public Health Service, Office of Education, Children's Bureau, and other agencies concerned with general health and welfare. For complete statement see section under "Nutrition."

#### DEPARTMENT OF THE INTERIOR

*Bureau of Mines.*—It is recommended that:

1. Use should be made of legal powers of the Bureau of Mines "to inspect and investigate . . . for prevention of accidents . . . and to cooperate with . . . States and Territories . . . and utilize their services in relation to health inspection" in order to avoid duplication of inspection, raise standards of inspection and thereby reduce costs of the total operation.

2. The proper role of the Bureau of Mines, Division of Health and Safety should eventually be transformed from one of direct inspection of mine property to one of advice and assistance to State administrating agencies by (a) improving their State mining laws, (b) administering grants to States for training State mine inspectors under adequate merit systems. (It is suggested that in those States in which the mine inspection service is performed under a State administrating agency which also inspects other industries in the State than mining, as for instance the State department of labor, the cooperation of the Federal Bureau of Labor Standards be invoked for assistance in codifying these State laws.)

3. During a transitional period, trial experiments might be conducted by those State bureaus which are nonpolitical, operate under broad persuasive legislation, and a merit system of civil service. The Federal agency might enter into agreements with these States to perform the inspection under Federal supervision.

4. That Federal inspection be continued until Congress provides funds and authority for the proposed change in program.

5. That Federal inspectors be employed under civil service.

6. The trend in Public Health Services is toward the definition of health incorporated in the constitution of World Health Organization. "Health is a state of complete physical, mental, and social well-being, and not merely the absence of disease and infirmity."

With its attention on the control of industrial diseases and industrial hazards, industrial hygiene is now primarily operating in the field of ". . . the absence of disease and infirmity."

In the light of our newer medical knowledge, however, there is need for industrial hygiene programs to take into consideration the broader aspects of positive health for industrial workers; and to relate the environmental factors surrounding industrial workers such as housing, nutrition, community water supplies, etc., to his susceptibility to occupational accidents and disease.

*Fish and Wildlife Services.*—The apparent overlapping of activities within the services of Fish and Wildlife seem unavoidable. A number of agencies in the Department of the Interior, such as the Forest Service, Park Service, the Bureau of Indian Affairs, etc., which control large tracts of land, perform activities incidental to health protection in the administration of their lands, waterways, and forests. Overlappings are bound to occur. However, it is recommended that these health and medical care activities though indirect, are of value and should be continued. Emphasis should, however, be placed upon cooperation with other Federal and State agencies directly concerned with the promotion of health.

*Office of Indian Affairs.*—The direction of the health and medical care program for the Indians should be in line with the purposes of our total Federal aid program for them. This program of financial assistance and related services is being directed toward the development of a self-sustaining economy for them within their cultural pattern and is one which guarantees them the rights of American citizenship. Under the same policy, the present health and medical care programs should be transferred as rapidly as possible to the State department of health of their residence. In other words, our Indian citizens should have the same rights and privileges as any other American citizen.

Since this recommendation involves congressional action, during a transitional period the following programs should be carried out:

1. The Federal Government should utilize the facilities of State departments of health and other health agencies to extend services to the Indians with such subsidies as are necessary for this purpose.
2. The present program of direct operations of services for the Indians by the Federal Government could be materially improved if the Public Health Service were responsible for these services on a similar basis as that now in operation through the Bureau of Prisons, Department of Justice.



## Chapter II

### MAJOR INTERDEPARTMENTAL HEALTH PROGRAMS

In an effort to emphasize and bring together some of the major activities in the field of health and preventive medicine, the following sections have been prepared. Some of these programs cover a wide field of activity and are carried on simultaneously by several agencies of the Government. They are:

1. A National Nutrition Program.
2. Industrial Hygiene Programs in the Federal Government.
3. International Health.
  - a. United States Cooperation in International Health.
4. Environmental Sanitation.
5. Health Education.
6. Rural Health.
7. Migrant Labor.
8. Mental Hygiene.
9. Public Health Disaster Preparation.
10. Preventive Medicine Activities of the Veterans' Administration.
11. Preventive Medicine Divisions of the Armed Forces.
12. Grants-in-aid in Public Health.
13. Federal Field Offices for Public Health.
14. The Value of Preventive Medicine.



## A NATIONAL NUTRITION PROGRAM<sup>1</sup>

Nutrition is probably the most important environmental factor in the attainment of health.

Many common diseases are closely related to deficiencies in the diet. In spite of our abundant food resources, considerable segments of our population, on all income levels and in every part of our country, are suffering from food deficiencies, which are potentially serious, but which can be alleviated on the basis of our present knowledge.

Every agency of Government that deals with the problems of human welfare and public health needs a knowledge of nutritionally adequate diets. Such knowledge is needed in industrial health programs for industrial workers; in the prevention and treatment of such deficiency diseases as tuberculosis, the anemias, pellagra; in mental health programs; in budget plans of the bureau of public assistance programs for the aged, dependent children, and the blind; in services to mothers and children; in school health programs and school lunches; in mass feeding operations (Government cafeterias, institutional programs, armed forces); in health services to Government workers; and in rural life programs.

At the first United Nations Conference on Food and Agriculture, held in Hot Springs, Va., in May 1943, the United States and 43 other nations formally endorsed the democratic principle that everyone is entitled to an opportunity to secure a diet adequate for health, that it is the responsibility of governments to assure this basic human right, and that agricultural policies, both nationally and internationally, must be directed toward this end.

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<sup>1</sup> References on National Nutrition Program :

Report of United Nations Conference on Food and Agriculture.

Department of State, Conference Series 52.

Consultation and reports, Departments of Agriculture and Education.

Public Health Service, and Children's Bureau.

Report on Food and Nutrition work of the Federal Agencies represented on the Interdepartmental Nutrition Coordinating Committee, Department of Agriculture, April 1948.

"Coordination of Federal Nutrition Programs," Bureau of Budget, May 1945.

National Research Council, Food and Nutrition Board, March 1948.

Manual for the Study of Food Habits.

National Research Council.

National Academy of Sciences.

Reprints from Nutrition Reviews, Vol. 6, No. 4.

Currents in Biochemical Research, "Social Aspects of Nutrition," 1948.

Round Table discussion on Nutrition and Deficiency Disease, Journal of Pediatrics.

## Goals in Nutrition

The goal of a nutrition program can be reached by organized effort along the following lines:

By encouraging and carrying on research on food values, food habits, nutritive needs of individuals for optimum health, and for the prevention and alleviation of disease in order that: (a) Such measures may be fostered for the production and distribution of foods essential to health as shall make a nutritionally adequate diet available to all families of the Nation within their purchasing power; and (b) the knowledge gained through research in food and nutrition can be brought to the people in such a way as to enable and encourage them to obtain the maximum benefits from our national food supplies.

Important developments have already been made, both within the Government and through private institutions and agencies, toward reaching this goal. There are four areas on which this goal impinges:

1. *Agriculture*.—Agricultural production should be adapted to yield the supplies most needed by consumers. The food produced should be available to all people.

Methods for attaining these agricultural goals are discussed in the Report of the UN Conference on Food and Agriculture of May 18 to June 3, 1943, Department of State, Conference Series 52.

2. *Research*.—Research extends the frontiers of our knowledge of nutrition. Both basic and applied nutrition research are undertaken in several agencies of Government and by the Food and Nutrition Board of the National Research Council and under private auspices. Compared with research in other physical and biological sciences, research in food and nutrition has only begun.

Malnutrition is one of the most important problems of preventive medicine. Therefore, it is within the province of the public health to share in the responsibility for nutrition research and in conducting surveys or studies to define existing nutrition problems, including the diagnosis, prevention, and treatment of specific dietary-deficiency diseases.

It is important that knowledge achieved through research should be quickly transmitted to the consuming public, producers, teachers, and educators.

3. *Professional training*.—There is a dearth of trained nutritionists and allied workers in the nutrition field to meet even present needs. An improvement in the quality of professional training in the science of nutrition, and the subjects related to it, is necessary to use most effectively the current knowledge of nutrition.

4. *Education of the public*.—The general goal of nutrition education is the establishment of good food habits in every individual, by

bringing him the knowledge necessary to select a good diet and helping him understand the relationship between an adequate diet and good health. Education in nutrition is being carried out to some extent in Government agencies concerned with health and welfare needs. There is a plethora of nutrition literature and radio publicity. Some of it is authentic and some highly colored by advertising. This publicity should be evaluated for the benefit of the consuming public.

Following is a brief summary of the work already being carried on in the Federal Government agencies whose programs include one aspect or another of nutrition and in which a nutrition program is consistent with its basic purpose. These summary statements are designed primarily to identify the type of program and the organizations or parts of organizations which exist to administer or further it.

## Research in Nutrition

### BUREAU OF HUMAN NUTRITION AND HOME ECONOMICS

Human nutrition was first recognized as a Government function when in 1894 Congress appropriated \$10,000 "to enable the Secretary of Agriculture to investigate and report upon the nutritive value of the various articles and commodities used for human food, with special suggestions of full, wholesome, and edible rations, less wasteful and more economical than those in common use. . . ." Thus began the research work of the Bureau of Human Nutrition and Home Economics. Since 1943 this Bureau of Human Nutrition and Home Economics has been an integral part of the Agricultural Research Administration of the Department of Agriculture.

An appropriation of \$407,000 (one-half the total appropriation for the Bureau of Nutrition and Home Economics) is currently available for research in human nutrition. This amount sinks into insignificance in comparison with the total research appropriation in the Agricultural Research Administration of about \$40,000,000.

Current research in this Bureau comprises studies into the inherent nutritive values of food and how these are affected by soil, production practices, processing, and other handling, including home food preparation; the food and nutritional requirements of people; the levels of consumption of various commodities by different population groups; what affects these levels; and how consumption compares with requirements. Much that is learned about nutrition of other animals also has an implication for human beings. Consequently, the research under way in the laboratories of the Department of Agriculture and of the State experiment stations on nutrition of man and other animals is continuing to contribute greatly to building the science of nutrition.

## PUBLIC HEALTH SERVICE

Some research in experimental nutrition has for many years been conducted as a part of the research program of the Division of Physiology of the National Institute of Health.

In 1946, at the request of the Conference of State and Territorial Health Officers, a section on nutrition was organized in the State Relations Division of the Bureau of State Services to assist the State health departments in developing demonstration nutrition programs which would implement the basic research activities conducted in the NIH. The present program of this section is conducting field studies on the prevalence of nutritional deficiency diseases from medical and public health standpoints and testing and developing remedial and preventive measures of practical value to local and State public health organizations. Under the chief of this section there is a medical officer in charge of demonstrations, a budgeted position for a chief nutritionist, and a consulting nutritionist. Four field demonstration units have been set up to work with official health units usually on a county basis, and to cooperate with other agencies in the community such as schools, agricultural agents, universities, etc.

In general, the staff of a nutrition field unit consists of a medical officer in charge, a public health nurse, a nutritionist, a biochemist, a laboratory technician, and a clerk.

The central office of the Nutrition Section, in addition to its functions of general supervision and coordination of the field units, is developing a program of aid and consultation to State health departments and other agencies interested in nutrition.

## FISH AND WILDLIFE SERVICE

The Division of Commercial Fisheries maintains extensive laboratories for research in vitamins A and D. Experimental studies are done in these laboratories to determine the nutritive value of fishery products and the effect of storage, freezing, processing, cooking, and other handling methods on the vitamin content.

## BUREAU OF LABOR STATISTICS

Investigational studies are made by this Bureau on prices and the cost of living. Studies are also made of consumer income and expenditure. The objective of these studies is to provide data on the relative importance of the individual commodities and services purchased by families of wage earners and clerical workers. This type of study provides data on the proportions of families in the country whose purchases of consumer goods determine American standards of well-being.

Conversely, it points out the danger spots in the country's total consumption pattern, one of which is the proportion of families who do not have adequate diets.

## **Professional Training for Nutrition**

The most effective use of the current knowledge of nutrition in a national health program is contingent upon an improvement in the quality and quantity of professional training in the science of nutrition and the subjects related to it. Such an improvement will also help to advance the research which aims to clarify the relation of food and nutrition to health and to disease. No health or research program, however well-conceived and organized, can succeed without adequate trained personnel to supply leadership. Nutrition or the science of food in its relation to health is a comparatively new field. Up to now the investigator in the laboratory and the health worker with his knowledge of human needs have been far apart. The investigator is responsible for getting information, the health worker for interpreting it. The distance between them can be bridged by bringing the results of investigation to the health worker by means of a thorough professional training. Such training is needed for the following personnel: Undergraduate and graduate students in the basic sciences; medical undergraduates and graduates (hospital, house officers, and practicing physicians); dental undergraduates and graduates; health officers; nutritionists; dieticians; nurses; health educators; social workers; and teachers. At present, the land-grant colleges and universities are the chief groups training leaders in nutrition and home economics. A few private universities such as Columbia, Chicago, Johns Hopkins, Yale, and Harvard are also outstanding.

## **Educational and Leadership Programs**

### **DEPARTMENT OF AGRICULTURE NUTRITION PROGRAM**

Early in 1943, responsibility for interdepartmental nutritional program coordination was transferred from the wartime National Nutrition Division set up by Executive Order No. 8890 to the War Foods Administration in line with its general responsibility for the war food program. The Nutrition Division then became the WFA Nutrition Program Branch, now a part of the Food Distribution Program Branch of the Production and Marketing Administration. The function of the Nutrition Program Branch derives from pertinent terms of Executive Order 8890 as follows: "Makes available to States

and localities upon request the service of specialists in . . . nutrition . . . activities to assist in the planning and execution of local and state programs." Representatives of 20 agencies interested in food and nutrition comprise an interdepartmental Nutrition Coordinating Committee, which antedates the Program Planning Branch but is closely related to it. The objective of this committee is to achieve long-range objectives in raising nutrition levels throughout the country. It has attempted to maintain contact with State and local nutrition committees through the designation of a field worker in one of the member agencies as a liaison officer. During the war trained nutritionists were assigned by the Federal Government to act as secretaries for many State nutrition committees, directly under the supervision of the State committee chairman.

At the end of the war these Federal nutritionists were withdrawn. However, through the wartime impetus given to these State and local committees, 40 State committees are now in operation and about one-half of them function actively. Several employ nutritionists as State officers. Otherwise, these activities are carried on by State or local committees under local professional leadership. Many of these State committees, such as in West Virginia, under local professional leadership, are developing indigenous programs suited to their own needs. The North Carolina Nutrition Committee, organized in 1940, has a well developed program.

The increase in the number of trained nutritionists in State agency programs and on regional staffs that supervise State programs (see the extension of the nutrition programs under Children's Bureau), the assistance given to these State committees by members of the Interdepartmental Nutrition Coordinating Committee, the Federal nutrition program office, nutritionist of the Agricultural Extension Service, as well as strong leadership in individual States are factors which have made these State and local nutrition committees active forces for nutrition education throughout the country.

#### OFFICE OF EDUCATION

1. The Office of Education cooperates with the State departments of education and other educational agencies and organizations in the promotion of nutrition education as an integral part of the public school program.

2. The Division of Vocational Education operates through field agents and consultants working chiefly through State departments of education and teacher training institutions on the various problems relating to nutrition education.

3. The Home Economic Education assists through State departments of education in the development of nutrition education as part

of: (a) The total home making education program and (b) the home economics teachers' contribution to school-wide nutrition education programs.

4. Agricultural education assistance in relating the problems in production and distribution of agricultural products to human nutrition through all the available educational avenues.

5. Distributive education emphasizes nutrition education in its training program for food service workers and for store workers who need better nutritional practice on their job.

#### CHILDREN'S BUREAU

The nutrition unit of two members is attached to the Health Service Division of the Children's Bureau to frame the policies of the Division in relation to maternal and child nutrition and a nutrition program for crippled children. These staff nutritionists, through regional nutrition consultants, assist the nutritionists in the child health service divisions of State and local departments of health and in agencies for crippled children to relate a nutrition program to the other health services for children through maternal and well-baby clinics, institutions, hospitals, health programs for families, etc. The nutritionists in the State departments of health cooperate with other State and local agencies, organizations, and committees interested in developing good health through nutrition. The growth of the nutrition service in State and local health departments is impressive. When the Health Service Division of the Children's Bureau was organized in 1935, there were 9 nutritionists in 3 State or local health departments. In December 1947 there were 170 budgeted nutrition positions in 50 State and local Territorial health departments, most of whom were in the child-health services of those departments.

#### AGRICULTURAL EXTENSION SERVICE

Educational work in foods and nutrition has, from the beginning of this service, held an important place in the educational programs of the Extension Service. State specialists in nutrition and extension nutritionists are responsible for the nutrition work of the county home-demonstration Agents who assist individual farm families and organize the nutrition programs in home-demonstration clubs, participate in the school-lunch and food-conservation programs, nutrition clinics, and in other methods of demonstration. The American Red Cross, a quasi-governmental agency, as part of its service conducts classes and demonstrations in nutrition, prepares manuals for the use of chapter nutrition committees for basic teaching outlines and other aids for instructors; general informational and promotional materials, mostly news letters and bulletins to chapter nutrition committees, directors and authorized instructors.

## Proposals for Nutrition Activities

1. *Obtaining the necessary data for the formulation of national nutrition policies and the planning of programs.*—This would include compilation and evaluation of information from nongovernmental sources as well as stimulation and carrying on of original research. Complete and impartial information in a form to be understood by representatives of the public without intensive scientific training would be available to the legislative arm of the Government. Data in technical form would be used by agencies concerned with health, welfare, education, and agriculture.

2. *Planning and assisting with programs directed toward attainment of optimal nutritional status for the people of the country.*—These would include educational and service programs through which nutritional knowledge would be made to function in the everyday living of the people; and such agricultural programs for the production and adequate distribution of foods essential to health as shall make them available to all families of the Nation within their purchasing power. The Federal Government would support and encourage activities undertaken by State and local governments and nongovernmental agencies. It would also assume immediate responsibility for certain activities which could not otherwise be dealt with efficiently. For example, measures for safeguarding the nutritional status of migrants.

3. *Cooperation in intergovernmental efforts to free the world from the age-long burden of hunger and undernutrition.*—This would include working through such specialized agencies of the United Nations as the Food and Agriculture Organization, World Health Organization, UNESCO, and the International Children's Emergency Fund.

### BASIC REQUIREMENTS

For carrying out these policies it would be necessary to have:

1. *Research, service, and educational programs.*—Efforts to improve nutrition must be an integral part of agricultural, health, welfare, and educational programs of the Government and nonofficial agencies and organizations. Each of the agencies working in these fields should have adequately staffed nutrition units to see that the nutritional aspects of the program is dealt with efficiently. This is the philosophy underlying the wide distribution of nutrition personnel through Federal agencies at the present time.

One of the major functions of each of the governmental agencies employing nutrition workers would be to carry out its objectives in cooperation with nongovernmental organizations concerned with nutrition. For this purpose, any agency, within the broad policies



of the national nutrition program, would be free to work independently with outside groups in the field of its special interest. For example, the agency or agencies concerned with the administration of school-lunch programs would carry on detailed conferences with manufacturers of equipment for school kitchens. The agency or agencies concerned with public health would work with professional organizations setting standard for workers in this field and with the educational institutions providing courses of instruction meeting these standards.

Joint planning would be needed for the satisfactory execution of certain overlapping activities of Federal agencies in the nutrition field. For example, research on the relation of soil to the vigor and nutritive content of plant and animal products grown in a given area and to the nutritional status of the human beings subsisting on these products would require cooperation between agricultural and health agencies. It would be expected that these agencies would enter into such agreements as are necessary without involving agencies not immediately concerned with this program.

In summary, much of the nutritive work of the Federal Government would be carried out by the respective agencies in the broad fields to which nutrition makes a contribution. Certain activities would call for joint planning and cooperation between two or more governmental agencies or between a single Federal agency and a nongovernmental organization.

2. *Coordination of service, and education programs.*—The Federal agencies that carry on educational and service programs in fields related to nutrition have already discovered that they have interlocking interests that call for clearance and coordination. The so-called "Nutrition Planning Committee" provides a partially satisfactory answer to this need in that it gives an opportunity for the agencies carrying on field programs to meet regularly and to exchange information on current and proposed activities at the Federal and State levels. The principal handicaps to the effective functioning of this committee in the limited scope that it has set for itself are: (a) The lack of complete independence related to the fact that nutrition programs which provide the secretariat for the committee are directed at least nominally by the director of one of the member agencies of the Committee; and (b) the lack of technical training on the part of any member of the secretariat. Even so a coordinating body of this nature has demonstrated sufficient usefulness to warrant recommendation of its continuation, and placement in an administrative setting that would facilitate well-balanced handling of the interests of the member agencies.

Since most of the Federal agencies carry on most of their educational and service programs in nutrition through grants-in-aid to State

agencies, they recognize the need for encouraging coordination at the State level through State nutrition committees, which are active in some States and exist in most. The Nutrition Planning Committee has attempted to maintain contact with these State committees through the designation of a field worker in one of the member agencies as a liaison officer. Although shortages in field staff and in travel funds have interfered with the smooth operation of this plan, it seems to have potentialities that justify its further development. On one hand, field workers of Federal agencies who are confronted with the total nutrition activities and problems in the State to whose committee they serve as a liaison officer see their own program in true perspective and bring back to Washington the breadth of understanding that makes for true Federal cooperation. On the other hand, State agencies have been impressed favorably by this concrete evidence of harmonious working relationships among their Federal counterparts.

3. *Joint action at the policy-making level.*—It is at the level where planning, standard-setting, and the formulation of policies are carried on that the nutrition interests of the country receive least adequate consideration. Only in the research field, where the Food and Nutrition Board of the National Research Council has provided a meeting place for national leaders in nutrition and related sciences, has a considerable measure of success along this line been achieved. The effectiveness of the Food and Nutrition Board has been hampered by the precariousness of its financial backing, entirely from nongovernmental sources. Moreover, in the absence of a similar organization of those correspondingly expert in aspects of nutrition work other than research, the Food and Nutrition Board has diverted some of its energies to matters on which it cannot speak with the full authority desired.

The creation of a National Nutrition Council has long been under consideration and has been recommended most recently by the Nutrition Section of the National Health Assembly in May of this year. It is assumed that such a body would provide not only for coordination of existing nutrition endeavors of all kinds but would also give governmental and nongovernmental bodies an opportunity to consider jointly the total national needs together with our international obligations and to plan on the best way to deal with specific problems. Such a body could present the importance of an adequate supply of expertly trained workers in the various fields of nutrition and the desirability of making explicit provision for such workers in any program of Federal aid for scientific training. Within the National Nutrition Council, there would be room for such bodies as the Food and Nutrition Board and for a parallel group of specialists in the application of nutrition knowledge to the national welfare. There would be a place for the committee that would realize the potentialities

of the present Nutrition Planning Committee in coordinating the field services in nutrition of the various operating agencies; there would also be arrangements for joint planning by the policy-making officials of these same agencies.

A nutrition council would function most effectively set up as a part or section of the Health Council which is suggested in these recommendations. Distinguished specialists in nutrition, both in government service and in private organizations have had wide experience in guiding the development of interagency nutrition committees. They know both the resources and the problems inherent in setting up a broad national program. Among the group that should be called upon for guidance in policy making and program planning are such specialists in government services as Dr. Martha Eliot, representing the Children's Bureau; Dr. W. H. Debrill, Medical Director, Public Health Service; Dr. Hazel K. Steibeling, Bureau of Human Nutrition and Home Economics, and Dr. M. L. Wilson, Chief, Nutrition Programs, Production and Marketing Administration, both of the Department of Agriculture.

Also, good nutrition practices are of sufficient importance in carrying out many public-health programs, such as communicable disease control, mental health, industrial hygiene, institutional and hospital programs, health services to government workers, etc., to give division status in the Public Health Service to the nutrition program.

## INDUSTRIAL HYGIENE PROGRAMS

Industrial development in the United States antedated by many years Federal participation in industrial problems. The introduction of the textile industry early in the last century resulted in the exploitation of child labor. Pennsylvania passed the first child labor law in 1848. Massachusetts adopted mandatory laws in 1877 for fire protection in factories and safeguards for industrial machinery. New York passed its first laws in 1886 to regulate industrial employment of women and children. By the turn of the century other States had followed these pioneering industrial regulations. Massachusetts' State Department of Health in 1905 was first to develop an industrial hygiene program which was later transferred to the State department of labor.

A forward step was taken in 1910 when New York State adopted a workmen's compensation act. During the next 10 years practically every State with industrial problems had adopted some form of workers' compensation. There is, however, little uniformity, State by State, in their provisions. Occupational diseases are recognized by law in almost two-thirds of the States and in the Federal Compensation Act.

The large insurance companies, particularly those that deal in industrial group insurance, have done more to improve the health of the industrial worker than any other agency, government or otherwise. Industry has an incentive to protect the worker by suitable means in order to lower its insurance premiums.

Many large industrial plants have developed comprehensive health programs for their workers. These may include among other services complete medical examinations, aid in the correction of remedial defects, clinic services, and a health education program dealing not only with the health and accident hazards of the particular industry but also information on individual hygiene and the promotion of community health, recreation, etc. They have also developed modern engineering and safety devices.

However, the smaller industries, with less than 250 employees, obviously have difficulties in providing comprehensive industrial hygiene and safety programs.

These small plants are generally in need of guidance from the Federal Government's industrial hygiene programs. Investigation has shown that at least 70 percent and perhaps as much as 85 percent of the annual total of work-connected injuries and deaths throughout

the country come from small establishments and undertakings that generally do not participate in any phase of the organized safety movement. This multitude of plants constitute the national occupational accident problem today.<sup>2</sup>

Industrial workers are subjected to two special types of hazards. First, occupational diseases or diseases arising out of or in the course of a particular occupation. These occupational diseases account for about 2 percent of the total disabilities from industrial causes. Secondly, disabling injuries, of which nearly 11 million are estimated to occur annually in American industries. Industries spent 5 billion dollars during 1947 because of industrial accidents.<sup>3</sup>

In recognition of these two major types of industrial hazards, both State and Federal legislation for the protection of industrial workers has been enacted under the broad title of "Health and Safety" or "Health and Welfare." While "safety" may be technically considered only an indirect health function, to the industrial worker a "health and safety program" represents his protection from both occupational diseases and disabling incidents which equally incapacitate him for gainful employment in the industrial field. After all, the impetus for the inclusion of so-called health and safety programs as government functions has come primarily from workers themselves and to a much lesser degree from industry. More recently, as a result of the interest and research in occupational diseases by medical and health agencies, there has emerged a distinct public health category commonly referred to as "Industrial Hygiene and Sanitation."

## Patterns Within the Government

The Federal Government is concerned with the administration of industrial hygiene on three broad fronts and "under three different patterns of government administration." (See table V, page 87.)

*Department of Labor.*—The act of March 4, 1913 (C-14; 1-7 Stat. 736) empowers the Department of Labor to encourage and assist individual States to develop and promote desirable labor standards in industrial practices, labor legislation, and labor law administration.

The Bureau of Labor Standards, with the cooperation of the Women's Bureau and the Bureau of Labor Statistics, performs these functions with a small professional staff in the Federal Bureau, but without recourse to a grant-in-aid program to assist State labor departments in developing and promoting labor standards and labor legislation.

<sup>2</sup> Statistics, Department of Labor (1947), p. 74.

<sup>3</sup> Statistics, Department of Labor.

TABLE V.—Patterns of industrial hygiene programs in Federal Government

As developed in—	Function by law or regulation	Professional and administrative staff	Cost of administrative program, 1947-48	Grants-in-aid to States	Administrative relationship to State programs	State industrial hygiene program		Relationship to industry	Administrative cooperation between Federal agencies
						Legal authority	Activities		
Department of labor: Bureau of labor standards.	Act of Mar. 4, 1913, C. 141, 1-37, Stat. 736.—"To foster, promote and develop the welfare of the wage earners. To promote their working conditions."	25 professional staff to service State departments of labor directly. To promote uniformity in labor legislation and labor law administration, etc.	\$249,486.	None.	Service agency to State departments of labor. Service only.	Under State laws which vary widely in their powers to give safety protection to industrial workers.	To enter, inspect, industrial plants for safety of operation with enforcement and regulatory powers.	Directly through State departments of labor. Indirectly in cooperation with State departments of labor to industry.	Administrative cooperation between Federal agencies
Federal security agency: Public Health Service: Division of Industrial Hygiene.	Under general provisions Pub. Health Law 410, 78th Cong., sec. 2.—"Superintendent of Federal-State cooperative program."	32 PHS officers cooperate with State divisions through professional staff attached to regional PHS offices.	\$558,557.	Approximates \$1,000,000 annually for development of State program; research demonstration and training.	Since 1935 supervised development of State divisions of industrial hygiene with general uniformity of program, implemented by grants-in-aid.	Generally under broad powers of State health laws. 5 State divisions have been responsible for passage of legislation with regulatory powers.	Focus upon reduction of disease incidences among industrial workers.	Directly through State departments of health; indirectly to industry on special health studies.	Need for clarification of functions of these two agencies on state level, especially in relation to enforcement and regulatory powers.
Department of Interior: Bureau of Mines: Division of health and safety.	Organic act, Bureau of Mines 1910, 36 Stat. 369; Coal Mine Inspection Act of 1941 (55 Stat. 177, 30 U. S. C. 4 F.). Power to inspect all mines in relation to health and safety hazards to miners.	38 administrative staff. Operates through 3 headquarters offices, 11 districts and 11 subdistrict offices.	\$3,054,990 (research \$375, 130; administration and others, \$2, 178,860).	None.	None.	23 coal mine bureaus; 200 mines with regulatory powers for health and safety protection. Legal powers differ widely in individual States.	In general to enter all mines in relation to health and safety hazards with enforcement powers. In general, no merit system for employment of mine inspectors.	Directly to industry and industrial workers.	No administrative cooperation. This program involves mining industry only.
						Federal-State inspection powers.			
						Duplicated not coordinated.			

<sup>1</sup> Public Law 47, 77th Cong., sec. 7. "In order to promote sound and effective coordination \* \* \* and may utilize service of such agencies in connection with the administration of the act."

*Department of Interior, Bureau of Mines, Division of Health and Safety.*—Under the organic act of the Bureau of Mines, 1910 (36 Stat. 369), and subsequent acts as the Coal Mine Inspection Act of 1941 (55 Stat. 177, 30 U. S. C. 4 F.) the Bureau of Mines, Department of Interior, is charged with the inspection and investigation of health and safety hazards in mines, the products of which are produced for and are transported in interstate commerce. The Division of Health and Safety inspects mining operations directly in the States and Territories, not through Federal-State cooperation.

*Public Health Service, Bureau of State Services, Industrial Hygiene Division.*—Under the general health provisions of title 6 of the Social Security Act of 1935, the Industrial Hygiene Division of the Public Health Service has fostered and aided industrial hygiene divisions in State departments of health.

## DEPARTMENT OF LABOR

Three bureaus in the Department of Labor cooperate in the responsibility for the health and safety of industrial workers as a part of the basic purpose of the Department "to foster, promote, and develop the welfare of the wage earners of the United States and to improve their working conditions . . ." <sup>4</sup> In all industrial countries without exception supervision of the safety and health of workers in manufacturing and mechanical establishments is the responsibility of the agency set up to promote the welfare of wage earners. The pattern in the United States closely follows the world pattern. The earliest legal provisions, enacted for the protection of industrial workers, were in the realm of safety protection. In the highly industrialized States, Labor Departments were in operation before the turn of the century. Their creation covers a span of about 90 years. These departments were created under different titles such as Industrial Relations Board, Department of Labor and Industry, etc.

Today the health and safety protection afforded industrial workers differs widely State by State. In the highly industrial States, the laws creating the departments of labor were usually written with broad powers under which programs affecting the health, safety, and welfare of industrial workers could be expanded to meet expanding needs. In other States, especially those primarily agricultural in character, very limited powers were written into the labor legislation. As these States are becoming more highly industrialized they are seeking the assistance of the Bureau of Labor Standards to help them to develop more adequate legislation.

In order to assist these State departments of labor at the various levels of their development and with the particular legal, financial,

<sup>4</sup> Act of March 4, 1918, 37 Stat. 736.

and other problems of operation, the United States Department of Labor uses the resources of three of its bureaus.

*Bureau of Labor Statistics.*—This Bureau makes investigations and studies in the broad field of labor of which the health phases of industry constitute only a part. However, in the health and safety areas the Bureau conducts annual and quarterly surveys, on work injuries in large number, of manufacturing industries, and publishes quarterly and annual injury rates for all injuries covered. National estimates are prepared annually on all disabling work injuries, by the extent of disabling for major groups of industrial activity. Special studies are made from time to time in industries with high accident rates to determine accident causes. The purpose of such studies is to stimulate accident prevention in these industries. Technical services are extended to individual State labor departments to assist them in developing better accident statistics.

The Bureau also conducts studies of the effects of various types of working conditions on accidents, workers' health, etc., and problems in the field of workmen's compensation. It frequently serves as medium for publishing studies of industrial diseases and hygiene.<sup>5</sup>

*Bureau of Labor Standards.*—The Bureau of Labor Standards, established by departmental order in 1934, is a service agency to State labor departments, to State officials, and to labor, employers, and civic groups interested in the improvement of working conditions. The Federal Bureau is authorized to develop desirable labor standards in industrial practice, labor legislation, and labor-law administration.

The Bureau is charged with coordination of Federal and State activities relating to safety and health legislation for purpose of reducing duplication of inspection and providing for most effective use of Federal and State staffs.

The Bureau is responsible for assistance to States in developing and promoting standards of safety and health, providing technical advice and service on safety and health to State labor departments, trade unions, etc. It conducts safety training programs; assists in preparation of State industrial safety codes; provides upon request technical assistance to individual State labor departments in adapting approved standards of legislation and administration; prepares technical articles and bulletins on all phases of labor legislation and administration of labor laws and popular publications.

As a service agency to State labor departments, the Bureau of Labor Standards acts as a clearing house for safety and health information. It makes use of the research, studies, and standards developed by the Bureau of Labor Statistics. It assists States to make the best use of their own resources and to develop indigenous

<sup>5</sup> U. S. Government Manual, p. 329.



health and safety programs modeled on the best health and safety practices but adapted to the particular labor situation in each State.

The Bureau of Labor Standards operates at the present time with a professional staff of about 20 who are used both in the Washington office and as field consultants. There is neither sufficient headquarters staff nor budget to place professional staff in the regional offices of the Department of Labor. The Bureau of Labor Standards has no appropriation to use for grants-in-aid to the States.

Appropriations available for current fiscal year 1948 are as follows:

	<i>Positions</i>	<i>Net amount</i>
Appropriations available	83	\$343, 900
Less Union Registration Division	38	93, 486
Estimate	45	\$249, 486

Professional staff respond to calls from State labor departments, from industry, etc.

*Women's Bureau.*—The protection of women in industry was first undertaken by the Department of Labor during the First World War as a war emergency measure. Out of the continuing need for such services the Women's Bureau was created at the end of the war. It formulates standards and policies concerning the relation of conditions of work for women to their health. It analyses individual State laws regarding health facilities for women. It gives field services to State and to industry on the administration of the minimum-wage laws, the enforcement of safety and health laws for women, and advises States on labor legislation and health for women in industrial plants. Its pattern of service for women in industry follows the general pattern of Federal-State relationships developed by the Bureau of Labor Standards for industry in general.

#### *The Protection of Children in Industry*

In 1917 the Children's Bureau was designated as the enforcing agency for the act of Congress prohibiting shipment of goods in interstate commerce from establishments employing children contrary to the standards of the act. The Child Labor Division of the Children's Bureau organized in May 1937 did preparatory work until this act went into effect and enforced the law during the 9 months of its operation. In 1938 the bureau was given responsibility for the enforcement of the child labor provisions of the Fair Labor Standards Act. This function was carried out on a broad program of Federal-State relations with optimum standards for the health and welfare of children and with efficiency of operation.

Under Administrative Order 15, effective July 16, 1946, this function was delegated to the Bureau of Labor Standards. In 1948, by administrative order, the function was transferred to the Fair Labor Practice

Division. Because of staff inadequacies in this division, this function is at present practically dissipated, although in the opinion of individuals and groups who have closely followed the mounting abuses in child practices, the need for a strong functioning of the child labor provisions is as acute as it has ever been.

#### PUBLIC HEALTH SERVICE, BUREAU OF STATE SERVICES, INDUSTRIAL HYGIENE DIVISION

The Workmen's Compensation Law, passed in 1910 in New York State and extended during the next 10 years to practically every other State, highlighted the need for giving assistance to individual industrial plants to combat the disease hazards peculiar to industry. A Division of Industrial Hygiene and Sanitation was, therefore, organized in the Public Health Service in 1912 to meet these needs. The first staff of this division consisted of a field group that dealt directly with industry, since there were only two States at that time with industrial hygiene divisions in their State health departments. The findings of this field staff developed a need for laboratory service in order to analyze contaminated dust, etc. An Industrial Hygiene Laboratory was, therefore, established under the aegis of the National Institute of Health.

#### *Grants-In-Aid to States*

As late as 1935, there were still only five industrial hygiene divisions operating in State health departments. Then by the terms of the Social Security Act in 1935, grants-in-aid were allocated to individual States to foster and develop such divisions throughout the country. The war years, with new industrial plants mushrooming everywhere over the United States, gave impetus for this development and brought extra responsibilities to this division and a need for a more adequate professional staff.

The appropriation to the Division of Industrial Hygiene for its grant-in-aid program approximates 1 million dollars annually. In all but three States and in many of the larger cities divisions or bureaus of industrial hygiene have been developed. It has been possible to achieve general uniformity of pattern in these divisions since they have all been developed over a brief span of years with sufficient funds to implement their programs and unhampered by restrictive legislation, as the State departments of labor have been. Grants-in-aid are allotted to these States on the basis of the population in hazardous industries weighted by the financial index. This method of allocation will probably be changed to a basis of the total industrial population in each State. The present basis seems to the Director of the Division

more logical since it does not penalize States with smaller financial resources.

The grants are used for the development of State programs, general field services to States, assistance in health education, and special or supplemental training for recruits to the program or for the present State staff members. The district consultant attached to the Southern States, for instance, has taught industrial hygiene courses in medical schools and recruited students financed by scholarship funds from the grants-in-aid allocation. The Director of the Division believes that industrial hygiene courses could well be part of the curricula of schools of technology and courses added to the medical schools for the training of physicians to serve in industrial plants.

State departments of industrial hygiene focus upon the reduction of disease incidence among industrial workers. They determine environmental factors conducive to illnesses associated with particular types of employment and recommend measures for control of those elements. These factors constitute the usual industrial hygiene approach to this problem.

### *Functions of Division*

Under the general provisions of Public Health Law 410, Seventy-eighth Congress, section 314, "Grants and Services to States, the Division of Industrial Hygiene," functions are as follows:

This division supervises the industrial hygiene phases of the total Federal-State cooperative health program, with special reference to the control of occupational diseases and the promotion of health among industrial workers. It provides consultant services and technical aid to the States, especially to State industrial hygiene units, as well as to industrial establishments and labor organizations. It sponsors and promotes the establishment and maintenance of industrial hygiene service in State governments.

Surveys of industrial hygiene problems within particular areas or industries; laboratory analysis of substances believed to be hazardous; investigation of occupational disease outbreaks, especially of occupational dermatoses, to determine the causes and to recommend methods for the elimination or control of the hazards; collection, analysis, and publication of occupational morbidity and mortality statistics. The several units of the division deal with, and offer technical assistance in the various elements of an industrial hygiene program, as: medical, engineering, and chemical control of hazards; industrial dentistry and nursing; morbidity records and reports.

At the present time a laboratory within the division concerns itself with laboratory analyses, such as examinations of dust, air, etc., which are part and parcel of the operation of the industrial hygiene program. There still remains in the National Institute of Health a laboratory of physical biology which undertakes pure research in fields which are allied to the problems of industrial hygiene.

Through the Industrial Health Information Service, attached

directly to the office of the Director, it prepares and disseminates industrial health information especially for workers in specific industries.

The Industrial Hygiene Division maintains in the 10 district offices of the Federal Security Agency sanitary engineers who make program audits for the industrial hygiene divisions of State health departments on the basis of its grant-in-aid allocations. Through the professional regional staffs, arrangements are made for the Federal professional and technical staff to give service to State divisions as well as to private industrial plants.

Various industries request the services of the professional staff of the Division to assist them in ferreting out the causes of special occupational disease or hazard. Teams of professional workers are, therefore, loaned to the industry. Trailer trucks are available for such field studies; one for dental services; one as a field laboratory. Professional staff members of the State divisions of industrial hygiene concerned, work directly with these Federal teams. Such studies often result in a solution of problems hitherto untouched in the field of industrial hygiene.

### *Federal Staff*

Thirty-two public health surgeons, engineers, sanitarians, and nurses are assigned to this Division from the Office of the Surgeon General. Their staff of experts operate through the regional offices directly to State divisions of industrial hygiene.

### BUREAU OF MINES, HEALTH AND SAFETY DIVISION

The special factors that were most effective in calling attention to the advisability of action by the Federal Government for a Bureau of Mines were disasters in coal mines and a growing realization of the waste of both life and resources in the varied mining and metallurgical interests of the country. As a result, Congress passed the Organic Act of the Bureau of Mines, May 16, 1910 (36 Stat. 369). One of its main provisions is the following:

That it shall be the province of said bureau and its director, under the direction of the Secretary of the Interior, to make diligent investigation of the methods of mining, especially in relation to the safety of miners, and the appliances best adapted to prevent accidents, the possible improvement of conditions under which mining operations are carried on, the treatment of ores and other mineral substance, the use of explosives and electricity, the prevention of accidents, and other inquiries and technologic investigations pertinent to said industries, and from time to time make such public reports of the work, investigations, and information obtained as the Secretary of said department may direct, with the recommendations of such bureau.

According to this provision there was set up in the Department of the Interior, Bureau of Mines, a Division of Health and Safety to carry out the health and safety functions of the act.

### *Operations*

The office of the divisional headquarters in Washington coordinates and directs the operations of the three branches constituting the Health and Safety Division.

The total staff of the operating division comprises 500 persons (engineers, coal mine inspectors, chemists, physicists, safety instructors, clerk, etc.), working in or out of 22 offices or laboratories in 18 States and Alaska, and functioning to some extent in every State and in Alaska.

This staff operates through three branches, as follows:

*Health Branch.*—Headquarters, Pittsburgh, Pa. This branch operates through a laboratory doing fundamental research on amount and composition of dust, determination of toxic and explosive gases encountered in mining, to prevent poisoning, occupational diseases and explosions; the development of respiratory protective devices, etc. Samples of dust, etc., are routinely sent by field inspectors to this laboratory for examination, if they cannot be made in the field by sub-district engineers.

*Safety Branch.*—Promotes safety in the mineral industry by educational methods; conducts engineering investigations on which recommendations of Bureau are based; gives instructions in first aid, etc.; assists in rescue work; tests electrical equipment, etc.

*Coal Mine Inspection Branch.*—Operates under the Coal Mine Inspection Act of 1941 (55 Stat. 177, 30 U. S. C. 4f) which authorizes and empowers the Bureau to make, or cause to be made, inspections and investigations of certain types of coal mines in the States, in order to reduce accidents and ill health among employees.

The Safety and Coal Mine Inspection Branches operate directly to the mining industry through 11 district headquarters with supervising engineers in charge and 11 subdistrict headquarters with engineers in charge. At present, about 200 inspectors work under the immediate direction of the engineers in charge of the subdistrict offices.

The act (sec. 9) requires only "basic qualification of 5 years' practical experience in the mining of coal" for inspectors. There are no educational requirements. More efficient service would be secured if inspectors were chosen on the basis of a merit system or civil service.

*Inspection of mines.*—The Coal Mine Inspection Act gives power of entry to and inspection of coal mines. It includes no regulatory powers. Miners themselves want such powers exercised by the Federal

Government; operators do not. In the neighborhood of 5,000 inspections are made yearly.

About 10,000 coal mines are under the inspectional jurisdiction of the Coal Mine Inspection Branch. Two thousand five hundred mines employ more than 25 men each. The others, in the neighborhood of 7,500, are small mines which employ less than 25 men, produce only about 5 percent of coal mined, but have a high percent of fatalities and accidents. These small mines need much more service than the present number of inspectors have time to give to them.

The Director of the Bureau believes that mining accidents and fatalities could be decreased with a larger staff of Federal inspectors. A bill is before Congress for increased appropriation for this staff.

*Mine safety committees.*—Under bituminous coal wage agreement of 1947: "At each mine there shall be a mine safety committee selected by local union, to inspect any mine development or equipment, to recommend to manager dangerous conditions, etc." These committees are trained by subdistrict inspectors.

### *Publicity and Educational Work*

The Bureau has the power to compile, analyze, and publish the inspectional reports and make such recommendations as will improve safety and health of miners, and to prepare and disseminate reports, studies, statistics, and other educational material that will advance safety, prevent accidents and disease.

The headquarters office in Washington maintains a complete file of all inspectional reports, including recommendations. Copies are routinely sent to owners, superintendents, State bureaus of mines, national and local unions, etc. When violations of the safety code are indicated, special letters are written to owners. This very careful follow-up has been developed because the basic act (36 Stat. 369) gives no regulatory powers to the Bureau but does give it power to issue reports with recommendation. In many instances recommendations have been complied with.

Reports of inspectors, under this category, are prepared for newspaper release in local papers, etc., by the Information Service in the Bureau of Mines.

Continuous educational material in regard to safety, accident prevention, mine rescue, first aid is being prepared by the division. This includes a series of pamphlets, on both coal and metal mine accident prevention, which are used as textbooks for classes of officials in accident prevention, and to serve as general reference material.

Special handbooks have been prepared for the use of miners, such as The Coal Miners' Safety Manual and a Manual of First-Aid In-

struction. Thousands of mine workers and officials are thus trained yearly in first aid and mine safety.

A national bituminous wage agreement was executed on May 29, 1946, at the White House in Washington. This agreement, made between the Federal Government as administrator of the coal mines and the United Mine Workers of America, provides for a mine safety program including the development of a Federal mine safety code, a mine safety committee, coverage of employees with the protection of workmen's compensation and occupational disease laws, a health and welfare program including a medical and hospital fund and various welfare activities.

This code includes all of the known features and requirements of safe operations of mines based on the experience and observation of years. It is significant that it was continued in effect as part of the new contract for 1948 between the operators and the union.

### *Housing and Sanitary Conditions*

In 1946 a survey and study was made for the Secretary of the Interior, by a medical survey group of the Navy, of the sanitary and housing conditions in the bituminous coal mining areas. The report of this survey and recommendations were published in 1947. In view of this report and the housing conditions surrounding many miners and their families which are not conducive to health and efficiency, the question might be raised as to whether our present industrial hygiene programs really protect men from industrial hazards and occupational diseases. These programs are concerned only with "absence of disease and infirmity;" they do not take into account the newer concept of health that it is a "state of complete physical, mental, and social well-being, and not just an absence of disease and infirmity." Under this concept some recognition might be given to the part that home surroundings, physical and mental conditions, nutrition, the fear of strikes and lay-offs play in the susceptibility to accidents and disease. The most modern safety devices cannot save a worker from an industrial accident if he is conditioned to accidents by lack of nourishing food, emotional insecurity, or the results of a contaminated water supply at home.<sup>6</sup>

<sup>6</sup> Sources of information :

#### *Industrial Hygiene in Public Health Service*

Toby, National Government and Public Health.

Smillie, Public Health Administration.

Public Health Reports : Outline of an Industrial Hygiene Program, supplement No. 171 to Public Health Reports ; Distribution of Health Services in the Structure of State Government, chapter VIII, Industrial Health Activities by State Agencies, Reprint No. 2439 from Public Health Reports, vol. 58, No. 2, Jan. 8, 1943 ; Personal Interview

(Continued)

*Budgets for industrial hygiene programs*

Year	Department of Labor, Bureau of Labor Standards, over-all administration		Public Health Service, States Relation, Industrial Hygiene Division			Department of Interior, Bureau of Mines, Division of Health and Safety		
		Child labor	Total obligation	Direct operation	State grants	Total obligation	Over-all administration	Research
1940-----	\$290,485		\$167,668	\$167,668		\$656,000		
1947-----	295,916	\$604,830 -308,914	1,658,557	658,557	\$1,000,000	3,054,900	\$2,178,860	\$875,130
1948-----	249,486		1,628,445	663,779	964,666	3,919,590	2,616,830	1,303,090

## Recommendations

The preceding review discloses undesirable overlapping jurisdictions in the field of industrial hygiene. In summary:

The State departments of labor operate under State laws which, in every instance, have given them powers to inspect and to enforce regulations for the control of industrial health hazards in conformity with the State law.

The industrial hygiene divisions in State departments of health have been greatly augmented through grants-in-aid to their State program. Inasmuch as Federal funds become available for this purpose without necessity of excessive State matching, the States, as might be expected, have tended to reduce or to discontinue appropriations to State labor departments for factory inspection and enforcement of industrial health and safety laws.

Under their augmented programs, State industrial hygiene units in State public health departments are now sponsoring legislation in individual States which give them regulatory powers for the control of industrial health and safety in industry. In the seven States where they have succeeded in passing this legislation, there are two sets of

(Note: continued)

with Dr. Townsend, director of Division of Industrial Hygiene and Sanitation, June 21, 1948, plus information on his functional and staffing charts.

### *Department of Labor*

Material submitted by Bureau of Labor Standards, May 14, 1948.

Bureau of Labor Statistics, Series No. R-775, reports.

National Safety Council.

Annual Report, Secretary of Labor, 1947, p. 74.

Personal Interviews.

### *Department of Interior, Bureau of Mines*

The material for the report was secured directly from the Health and Safety Division of the Bureau of Mines either (1) compilations of laws sent directly, (2) personal interviews with Mr. J. J. Forbes, Director, Division of Health and Safety; functional charts prepared in his office and educational material submitted.

Also Annual Report for 1947, Secretary of the Interior.

Medical Survey of Bituminous Coal Industry, Department of Interior, 1947.



inspectors with overlapping jurisdiction giving orders to management for the correction of working conditions in their plants. This problem is discussed in the section on labor.

The solution which has seemed reasonable to the State of California (by informal agreement between directors of industrial relations and public health), the Bureau of the Budget, and Bureau of Labor Standards would be to establish, on the Federal level, a functional division between safety problems, including accident prevention, and health problems, including the control of occupational diseases. States should be encouraged to unify their industrial health codes to avoid conflicts, and, if they wish, to place their inspection service on a unified basis.

It also seems as logical to assist State departments of labor in their training of personnel, enforcement programs, and improved administration of State laws regulating conditions of employment, by a grant program as to assist State health departments through grants in developing an industrial hygiene program.

It is recommended :

1. Use should be made of the powers invested in the Bureau of Mines under Public Law 47, Seventy-seventh Congress, section 7, which states: "In order to promote sound and effective coordination . . . bureaus shall cooperate with mine and safety inspectors or safety agencies of the several States and Territories . . . and may utilize service of such agencies in connection with the administration of the act." It should be invoked in order to avoid duplication of inspection, raise standards of inspection and thereby reduce costs of the total operation.

2. The proper role of the Federal agency should eventually be transformed from one of direct inspection of mine property to one of advice and assistance to State administering agencies by (a) improving their State mining laws, (b) administering grants to States for training State mine inspectors under adequate merit systems. (It is suggested that in those States in which the mine inspection service is performed under a State administering agency which also inspects other industries in the State than mining, as for instance the State department of labor, the cooperation of the Federal Bureau of Labor Standards be invoked for assistance in codifying these State laws.)

3. During a transitional period, trial experiments might be conducted by those State bureaus which are nonpolitical, operate under broad persuasive legislation, and a merit system or civil service. The Federal agency might enter into agreements with these States to perform the inspection under Federal supervision.

4. That Federal inspection be continued until Congress provides funds and authority for the proposed change in program.

5. That Federal inspectors be employed under civil service.

6. The trend in public health services is toward the definition of health incorporated in the constitution of World Health Organization: "Health is a state of complete physical, mental and social well-being, and not merely the absence of disease and infirmity."

With its attention on the control of industrial diseases and industrial hazards, industrial hygiene is now primarily operating in the field of ". . . the absence of disease and infirmity."

In the light of our newer medical knowledge, however, there is need for industrial hygiene programs to take into consideration the broader aspects of positive health for industrial workers; and to relate the environmental factors surrounding industrial workers, such as housing, nutrition, community water supplies, etc., to his susceptibility to occupational accidents and diseases.

## INTERNATIONAL HEALTH

"Health is a state of complete physical, mental, and social well-being, and not merely the absence of disease and infirmity." Definition of health, incorporated in the constitution of the World Health Organization.

### UNITED STATES COOPERATION

For nearly 100 years the world has been moving toward a collaboration between all the nations of the world on an international health front. The dramatic consummation of these international health endeavors came during an International Health Conference in 1946 in New York City, calling on the initiative of the United Nations. On July 22, 1946, a constitution for a World Health Organization was signed by representatives of 61 nations, probably the largest number of nations in the history of mankind ever to agree simultaneously on a set of principles.

Unfortunately, the Congress of the United States had not, up to that time, passed enabling legislation so that the United States could accept charter membership in this organization—in spite of the fact that health forces in these United States have been among the most vigorous proponents of and active participants in international health.

This 1946 International Health Conference appointed an interim commission as a preparatory body only, to continue the former international health organizations and, if necessary, to solve urgent health problems pending the coming into existence of the permanent World Health Organization. Eighteen nations were elected to appoint representatives on the Interim Commission. The pressure of circumstances was such that the Interim Commission became in effect an operating agency.

It has reestablished the epidemiological reporting services of the League of Nations and has revived the technical work of that organization and the Office Internationale d'Hygiene Publique in such fields as vital statistics, the standardization of drugs and biologicals, the fight against important epidemic diseases, the supervision of international quarantine measures, and the adaptation of the sanitary conventions to conform with modern scientific knowledge and to meet new needs. Three World Health Organization health missions are continuing work initiated by UNRRA in China, Greece, and Ethiopia, and medical liaison officers in Italy and Poland are now giving more

limited health advisory services. All possible resources were mobilized through the Interim Commission to assist the Egyptian Government in successfully combating a cholera epidemic in the autumn of 1947.

The World Health Organization, to all intents and purposes, formally came into existence as a specialized agency of the United Nations early in 1948 when 21 member nations of the United Nations had ratified the World Health Organization constitution and legislative action by 8 other member nations had been completed. Therefore, the first World Health Assembly was called for on June 24, 1948, in Geneva, Switzerland. Ten days before the assembly met, the President of the United States signed Public Law Numbered 643, enabling the United States to accept membership in World Health Organization.

The World Health Organization is more than an international health agency. It challenges historical precedents in the field of health which have been largely negativistic and defensive. The World Health Organization is a positive, creative force with broad objectives reaching forward to embrace nearly all levels of human activity related to health. Its constitution is truly the Magna Charta of health and constitutes one of the most powerful international instruments designed to help man attain a better standard of living. Its creed proclaims that "the health of all peoples is fundamental to the attainment of peace and security and is dependent upon the fullest cooperation of individuals and States."

The World Health Organization has inherited the half century of experience of the International Office of Public Health of Paris, the Pan-American Sanitary Bureau, and the League of Nations Health Organization—all of them organizations which have won splendid reputations for productive international health work.

Based on the agenda submitted to the World Health Organization by its Interim Commission during these 2 years of study, the World Health Organization during its first assembly gave top priority to a concentration of its efforts on the control of malaria, tuberculosis, venereal diseases, and maternal and child health, with its next priority on nutrition and environmental hygiene. These are not only widely and urgently needed health programs but also programs that lend themselves to international health action.

Shortly before the adjournment of this first World Health Organization assembly, it endorsed the United Nations Appeal for Children Fund and directed "its Director General to . . . discuss common interests of the World Health Organization with the United Nations Appeal for Children Fund." A dramatic result of this decision is the largest mass tuberculosis immunization program ever undertaken—sponsored by the United Nations International Children's

Emergency Fund, the World Health Organization, the Danish Red Cross, and its Scandinavian associates—which calls for the testing of between 40 million and 50 million children in Europe this fall. A state serum institute on research in Copenhagen will be involved in this undertaking. Millions of records will be gathered which, it is predicted, will form the basis of one of the greatest epidemiological studies ever made.

In preparation for the first assembly of World Health Organization, the Interim Commission was confronted by the task of absorbing preexisting international organizations in the health field into this body. In developing this section of the constitution, specific consideration was given to the Pan-American Sanitary Bureau. This pioneer inter-American health agency was formed in 1902. The United States has actively participated in its operation since its inception. The bureau, through the past 44 years, has played such a significant part in the health programs of the American republics that no one desired to destroy it or see it lose its identity. Realizing that regional isolation in health is no longer effective and desiring to expand the scope of the bureau and also utilize its strength for the benefit of all, a special article (No. 54) was unanimously adopted providing for its integration in due course with the World Health Organization. Under this authority, an integrating agreement was so drawn that the bureau may serve as a regional office of World Health Organization without interruption of its work.

#### UNITED STATES ACTIVITIES

In the health field the United States has many obligations, some having a treaty status, which are the basis for programs of exchange of students between the United States and other countries and for the loan to other countries of scientific and technical personnel. The United States functions directly in the international health field through the Department of State, the Public Health Service, and the Children's Bureau. The operation of the Bureau of Narcotics, Treasury Department, has also public health implications in its control of legal and illicit trade in habit-forming and habit-sustaining drugs. (See section on narcotic drugs.)

#### *Department of State*

The department has a Health Branch within the Division of International Labor, Social, and Health. The purpose of this health branch is "to support the interest and the foreign policy of the United States by developing and assuring the adoption and application of appropriate principles in our foreign relations so far as they affect . . . health matters, and to promote international cooperation in this field."

The major activity of this branch during the last 2 years has been the United States participation on the Interim Commission for World Health Organization.

### *The Institute of Inter-American Affairs*

The institute was established during the Second World War by Executive Order 9710 of April 10, 1942, and now a part of the Department of State has accomplished much of permanent value. Through cooperative programs with nearly all of the other American republics, the institute has constructed health centers, hospitals, sewage and water plants, and has promoted general sanitation and health improvement. Eighteen Latin-American countries have participated in these cooperative health and sanitation programs. The agreements with 6 countries are still continuing (as of September 1, 1948). To implement its programs the institute has granted a large number of fellowships.

### *Recent Legislation*

*The Smith-Mundt Act.*—The recent passage of this act by the Eightieth Congress establishes a world-wide exchange of persons program. The potentialities of this act are very great.

*The Fulbright Act.*—This act passed by the Seventy-ninth Congress is slowly getting under way. A large number of countries owe the United States for surplus property, in some cases quite large sums. Those countries which agree to do so may pay off these debts in local currencies by supporting United States students studying in their universities. It will be possible for some foreign students wishing to study in the United States to receive travel assistance if transportation companies will accept the foreign currencies. Fulbright funds are not subject to annual appropriations and the program is being planned for a period of 20 years.

### *Foreign Missions*

*Liberian Mission.*—As a war measure, the State Department at the request of the Government of Liberia asked the Public Health Service to send a public health mission to Liberia. This mission, all Negro, is engaged in training Liberian personnel in nursing, sanitary inspection, technical laboratory work, etc., and in building up the Liberian Health Department.

*Philippine Mission.*—The Public Health Service has also a mission in the Philippines under the Philippine Rehabilitation Act passed by the Seventy-ninth Congress. Under this act 25 Filipino physicians are now doing postgraduate work in public health methods and ad-

ministration in this country and some 22 are expected to commence work during 1948.

*Greek Mission.*—The American Mission for Aid to Greece has a public health division from the Public Health Service. Approximately 15 physicians, engineers, and nurses are in this division. It is anticipated that this division will be continued under the European Cooperation Act passed by the Eightieth Congress.

### *Nongovernmental Agencies*

The earliest endeavors were those of the various church missions and medical missionaries from the United States, today to be found in the most distant and remote areas. Nonmissionary groups with health interests include the American Bureau for Aid to China, the Greek War Relief Association, the Near East Relief, and many others of importance.

Many philanthropic foundations have international interests. The Rockefeller Foundation has engaged in health work in almost all countries of the world in the four decades of its existence. The Kellogg Foundation offers fellowships for Latin-American physicians in certain fields.

### *Public Health Service*

Operations in other countries, in addition to foreign quarantine (see section on foreign quarantine), are conducted in the Public Health Service by:

1. Office of International Health Relations (Greece, Liberia, various projects in Latin America).
2. Bureau of State Services (Philippines).
3. Office of Vital Statistics (various American countries).
4. National Institute of Health (various countries).

Fellowships in the United States for foreign health workers are being awarded by these three offices within the Public Health Service:

1. Office of International Health Relations.
2. Office of Vital Statistics.
3. National Institute of Health.

*Office of International Health Relations.*—The Office of International Health Relations was established in the Office of the Surgeon General, Public Health Service, in August 1945.

This office supervises and coordinates all activities of the Service in the international health field. It maintains liaison with agencies in this field; represents the Service in international health conferences;

*Public health officers and civil service personnel on duty outside continental United States, through Office of International Health Relations*

Missions and active projects	Commissioned officers	Civil service employees
Missions:		
Liberian Mission.....	14	5
American Mission for Aid to Greece.....	14	3
Active projects:		
Pan American Sanitary Bureau.....	6	8
Institute of Inter-American Affairs.....	1	2
Peru Research Project—Coca Leaves Chewing Habit.....	1	2

*Obligations of the Department of State for international health activities*

Item	Appropriations <sup>1</sup>		
	1940	1947	1948
Research: Grants to institutions and individuals:			
Cooperation with American Republics.....	0	\$361, 231	\$212, 605
Institute of Inter-American Affairs.....	0	5, 500, 000	5, 800, 000
All others, including over-all administrative costs:			
Contributions to international organizations:			
Pan-American Sanitary Bureau.....	\$58, 523	63, 584	145, 397
International Office of Public Health.....	0	2, 553	5, 105
World Health Organization <sup>2</sup> .....	0	0	0
Gorgas Memorial Laboratory.....	50, 000	50, 000	50, 000
International Activities: Attendance at meetings.....	0	5, 500	70, 000
Cost of United States Representative at ICWHO.....	0	6, 570	7, 000
Administrative Costs: Departmental.....	0	8, 689	11, 785

<sup>1</sup> Appropriations for international health services of other agencies of the Government are included in the budgets of those agencies.

<sup>2</sup> References:

*International Health Affairs*

Public Health Service (conferences and material).

Health Branch, International Labor, Social, and Health, State Department (conferences and material).

World Health Organization by C. E. A. Winslow, Carnegie Endowment, March 1948, No. 437.

Congressional Record, August 17, 1948, A 5414.

State Department, Division of Public Liaison, Reports to Organizations on World Health Organization.

<sup>3</sup> Amount appropriated—no payment to be made.

For 1949-1950, \$1,950,000.

directs the Public Health Service part of the Department of State's program of international exchange of health personnel and educational material; drafts sanitary conventions and regulations, and health reports required by international agreements; collects and distributes data relating to foreign medical and health institutions; supervises special health missions to foreign countries; and advises the State Department upon request regarding plans, programs, and policies in connection with the World Health Organization. The office advises the Surgeon General on international health matters.

Specifically, the office is now engaged in receiving and in preparing educational programs for a rapidly increasing number of public health workers from foreign countries referred to the Service by local embassies, the Department of State, by other agencies of the Federal Government, by the Interim Commission of the World Health Organization, by the Pan American Sanitary Bureau or by private foundations; preparing replies to requests for information on technical public health matters for the United Nations and certain specialized agencies, as well as for private organizations and citizens; operating



a public health mission in Liberia; procuring personnel for and advising the Department of State regarding public health activities of the American Mission for Aid to Greece; arranging for public health representation at official and unofficial international conferences and preparing background material and reports for those in which the Service participates; representing the Surgeon General on a number of interagency committees dealing with international health problems; and collecting data regarding health facilities, personnel, and problems of foreign countries.<sup>7</sup>

## Foreign Quarantine

Foreign quarantine in the United States was originally a function of State or municipal authorities. It remained thus from the passing of the first legal enactment in the "Province of Carolina" in 1712 relating to quarantine, until the Federal act of 1879 (21 Stat. L. 5), which created a national board of health "to have charge of interstate and foreign quarantine" for a period of 4 years. Many States had been reluctant to relinquish their quarantine authority to the Federal Government, believing thereby their States' rights were being violated.

Public opinion, however, tended to press for National action to prevent the importation of communicable disease from abroad because of the constant recurrences of yellow-fever epidemics and cholera outbreaks during the years from 1796 to 1866. Shipping interests, too, expressed themselves as greatly discommoded by the varying and sometimes arbitrary quarantine regulations that existed in many ports of the United States of America, operating through the regulations made by individual States.

The Quarantine Act of February 15, 1883 (27 Stat. L. 449), passed 4 years after the Federal Act of 1879, is still in force. It gives authority for all domestic and marine quarantine regulations. (Now Public Health Law 410, Part 8, Secs. 361-69.) This law states that "it shall be unlawful for any merchant ship or other vessel from any foreign port or place to enter any port of the United States except in accordance with the provisions of this act and with such rules and regulations of State and municipal authorities as may be made in pursuance of or consistent with this act." This act neither prohibited States or municipalities from maintaining quarantine stations, nor gave the Marine Hospital Service general powers to establish stations in localities where they were already operating under local authorities, unless the local work did not provide adequate protection. Gradually the State and local authorities have realized the advantages of a national quarantine system, and have surrendered quarantine functions to the Federal Government.

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<sup>7</sup> Children's Bureau.

This same law prohibits the admission, among others, of "idiots and insane persons—persons likely to become a public charge, and persons suffering from a loathsome or a dangerous contagious disease."

#### FOREIGN QUARANTINE FUNCTIONS

Quarantine as related to passenger ships and planes is the function of the Surgeon General of the Public Health Service through the Bureau of Medical Services, Division of Foreign Quarantine. Quarantine as related to cargoes and commerce is primarily the function of the Secretary of Agriculture through the Bureau of Animal Industry with the special cooperation of the Bureau of Customs, Treasury Department.

*Functions of the Public Health Service.*—The Division of Foreign Quarantine, Bureau of Medical Services, is responsible for the administration of the quarantine laws and regulations of the United States.

There are three lines of defense against quarantinable diseases:

1. Medical officers of the service are stationed abroad in many of the major ports, and working in conjunction with the consular officers, to prevent diseased persons from entering ships bound for the United States. They make a medical inspection of all prospective immigrants. Medical inspection of aliens has been undertaken by the Public Health Service since 1890 under the provision of an act of Congress of 1882 (20 Stat. 214), as a service to the Bureau of Immigration, Department of Justice.

2. A system of inspection is carried out on all ships and planes from any foreign port at the port of entry to the United States. Both passengers and crews are inspected and the ship quarantined if necessary. The Entomological Section of the Division of Quarantine is responsible for the entomological surveillance of airplanes.

Improved technique has made possible the more rapid handling of vessels. Passenger-carrying vessels may be cleared by a system of radio pratique at some of the larger ports; and, whenever possible, ships undergoing quarantine inspection and treatment are handled at the docks rather than in midstream as was the common custom in former years.

3. A system of cooperation is organized with State and municipal health officers, particularly at ports of entry, in the follow-up of diseases that are nonquarantinable by Federal authorities. For example, diphtheria cases are released at the port of arrival by Federal authorities but quarantined by the local health authorities.

The diseases under Federal quarantine jurisdiction are: Cholera, yellow fever, typhus, smallpox, leprosy, plague, and anthrax. The threat of most of these diseases entering the United States has been lessened by the international control of quarantinable diseases exercised by the Division of Sanitary Conventions and Quarantine of the World Health

Organization, set up at Geneva, Switzerland. Epidemiological information concerning the occurrence of pestilential diseases flows into this center from every country of the world. This information is transmitted throughout the world in a weekly epidemiological and vital statistics report and more rapidly to the affected countries through telegram and radio. This service is of vital importance in maintaining the free movement of sea and air traffic without undue risk of transmission of disease.

The great advances in medical science at the end of the nineteenth century when insects became known as the vectors of disease made possible the development of effective quarantine measures. The gradual elimination of disease-infested areas has also had a direct bearing on the efficacy of international quarantine.

Constant vigilance is exerted in relation to recurrences of all pestilential diseases. For instance, no serious outbreak of cholera had threatened the world for 40 years. In 1947 a very serious outbreak occurred in Egypt that cost many lives and millions of dollars. The epidemiological service at Geneva kept the ports of the world constantly and reliably informed on the course of this epidemic. The speedy and concerted intervention by the Interim Committee of World Health Organization was an important factor in stemming the tide of this outbreak. By using its technical knowledge and its command of medical resources in cooperation with the work of the Egyptian Government, cholera did not enter either Europe, or America, in 1947 as it did in epidemic proportions five times during the nineteenth century.

Smallpox epidemics are ever-present menaces. At present, the United States enjoys the lowest rate of morbidity and mortality from this disease ever known. Tightening quarantine regulations by enforcement of vaccination before aliens and visitors enter the United States has helped to maintain these present low rates.

Bubonic plague, another menace, is transmitted through the combined agency of rats and their fleas. Plague protection consists primarily in a system of inspection and deratization of ships, especially those coming from known plague-infested ports. This work has been so successful on a world-wide basis that a recent survey of 4,000 ships entering United States ports showed only 8 percent rat infestation.

*Yellow fever and malaria.*—Both of these diseases are transmitted by mosquitoes. Yellow fever was not considered a serious menace from about 1915 to 1936. However, jungle yellow fever was discovered in South America. Airplane service had developed with all South American countries. Persons infected with yellow fever in South America may reach airports in the United States before they show signs of the disease.

"Surveillance" is maintained at all international air fields in the United States by officials of Public Health Service, Immigration and Customs Authorities. Planes from foreign countries are allowed to land only when such officials are present. Surveillance is maintained by an interdepartmental committee representing these three agencies, using the following methods:

1. Disinfection of airplanes arriving from Africa or South America.
2. Examination, at port of entry, of all passengers arriving from South America.
3. Determination of their itinerary for 9 days after arrival.
4. Vaccination against yellow fever of all airplane personnel that travel through South America.<sup>8</sup>

Quarantine has been defined as "the limitation of freedom of movements of persons or animals who have been exposed to communicable disease for a period of time equal to the longest usual incubation period of the disease to which they have been exposed."<sup>9</sup> "Quarantine procedures applicable to rapid air transit have not yet been able to cope with the problem because detention periods must be measured in terms of transit time. It has already forced us to place principal reliance upon 'surveillance.' . . . This is a compromise with realism, which robs quarantine of its effectiveness. But of more significance, it is useless in that many diseases are most contagious in their prodromal, nonsymptomatic phase."<sup>10</sup> However, this problem is already being attacked under the aegis of the World Health Organization, as was cholera by the Interim Commission.

*Quarantine as related to commerce.*—Federal laws relating to the entry and transportation of animals, animal products and food and drugs which affect the public health of the nation are administered cooperatively by various agencies of the Government.

*The Department of Agriculture.*—Upon authorization given in the various tariff acts, the Secretary of Agriculture through the Bureau of Animal Industry is charged with prohibiting the importation into the country and the shipment across State lines of diseased cattle; the diseases of cattle which may be transmitted by grain, hay, and bedding used by the animals on voyage by the fumigation of vessels and destruction of infected animals from countries where foot-and-mouth diseases are prevalent, and by the proper certification by consular offices abroad of hides, wool, skins, etc.

Inspectors of the Bureau of Animal Industry are employed to board incoming cargo ships at ports of entry to prevent the introduction of

<sup>8</sup> 39 Stat. L., 885-892, 896. Compilation of Public Health Service Regulations, Sup. No. 1, Title 8.

<sup>9</sup> Toby, Public Health Law, p. 138.

<sup>10</sup> L. L. Williams, M. D., "World Health Organization," Southern Medical Journal, Vol. 40, No. 1, January 1947.

diseased livestock and contaminated animal byproducts. They are assisted by officials of the Customs Service and Public Health Service. There is no indication of unnecessary duplication or overstaffing here. The Public Health Service works cooperatively with the Department of Agriculture and does not duplicate the large inspectional force of that department which is engaged in the protection of our food supply.

The research division of the Bureau make laboratory studies of methods of infection.

The Department of Agriculture cooperates with the Customs Division of Treasury, the Post Office Department, and the Food and Drug Administration in controlling the importation of veterinary biologic products such as toxins, viruses, and medicines.

The Public Health Service through its division of foreign and domestic quarantine prohibits the entrance of disease-bearing species of wildlife such as the parrot family that suffers from a virus disease, psittacosis. This disease is frequently transferred to man whenever there is a contact of man with birds of this family. The case fatality from this disease is high.

Department of the Interior is involved since all other species of wildlife come into the United States on the basis of permits granted to importers by the Secretary of the Interior through the director of Fish and Wildlife Service. Copies of these permits are sent to the collector of customs at the port of entry, who verifies the shipments and is responsible for allowing or prohibiting entrance.

Appropriations for the administration of Division of Foreign Quarantine, Bureau of Medical Services, Public Health Service, are as follows:

<i>Year</i>	<i>Total cost</i>
1940	\$1, 546, 865
1947	2, 438, 496
1948	2, 688, 725

The cost of foreign quarantine as functions of the Departments of Agriculture, Treasury, Interior, and the Food and Drug Administration cannot be estimated.<sup>11</sup>

### **Narcotics: Their Control and Regulation**

"Employment of narcotic drugs for purposes other than medical and scientific has been recognized throughout the world as abuse.

<sup>11</sup> References:

Public Health Service.

Department of Agriculture.

Department of the Interior.

Toby, National Government and Public Health.

Smillie, Public Health Administration in the United States.

L. L. Williams, Jr., "World Health Organization," Southern Medical Journal, Vol. 40, No. 1, January 1947.

International Organization in the Field of Public Health, Carnegie Endowment for International Peace, February 1, 1947.

Any traffic in such drugs conducted without specific governmental authority is, therefore, uniformly regarded as illicit."—Department of State Memorandum, November 1, 1938.

#### DEVELOPMENT OF INTERNATIONAL CONTROL

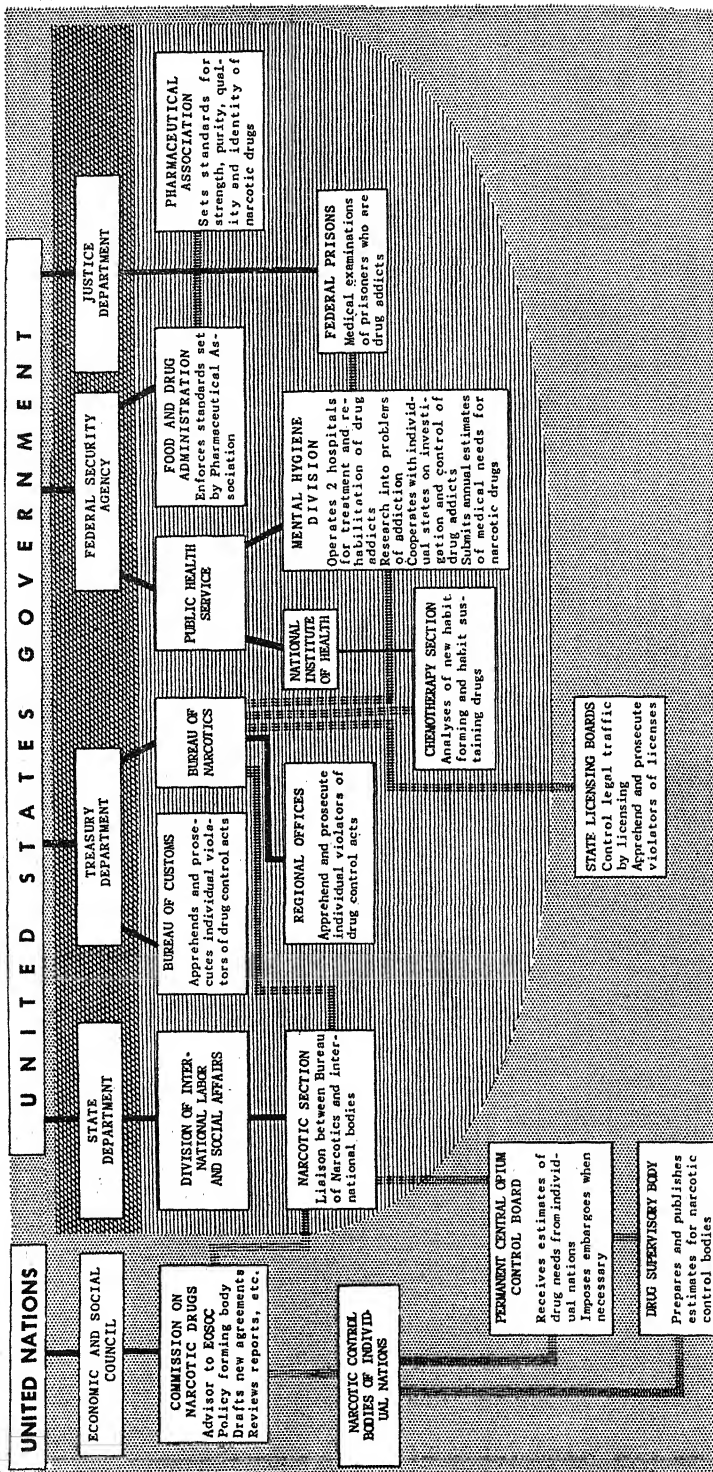
After the Philippines had become a possession of the United States, an American Bishop of the Episcopal Church, Charles Brent, viewed with alarm the mounting number of drug addicts in Manila and the ease with which they could procure opium. Back in America he discussed this matter, and what seemed to him its world-wide implications, with his friend Theodore Roosevelt, then President of the United States. On such a slender thread as this the first International Opium Commission was called at Shanghai in 1909 on the initiative of the United States Government. Thirteen nations participated in this conference but had no power to sign agreements. This conference could only lay down basic principles which individual nations might or might not carry out. From this slender thread there has developed during the intervening 36 years an international cordon encircling the globe for the suppression and control of illicit traffic in narcotic drugs. Two world wars have not destroyed its present effectiveness.

We have come to learn through the years that national control of certain matters such as epidemic diseases, postal services, even of icebergs, and now of atomic energy is not fully effective without international collaboration. Narcotic drugs, small in bulk but high in value, belong in this category. The development of the rather complicated machinery for international control of the production, the manufacture, and the traffic in habit-forming and habit-sustaining drugs has been slow, difficult, but continuously progressive. It has consisted of a series of international conferences, each building on the conventions of its predecessor, plus the unstinting labor of individuals and groups in many countries who have diligently labored between these conferences to further their international control. See chart III, page 112.

The existing system of international cooperation rests on three basic treaties: The Hague Opium Convention of 1912, the Geneva Drug Convention of 1925, and the Narcotics Limitation Convention of 1931.

In brief, the three treaties provide a system whereby neither raw opium nor coca leaves, nor derivatives manufactured from either of these materials, can move from one country to another without governmental permission to import and also governmental permission to export in the case of each shipment; and the quantities of narcotic drugs which may be manufactured in any 1 year are limited to those which, after careful investigation and study, have been determined

# CHART III—United States and International Cooperation on Narcotics





to be the quantities necessary for medical and scientific purposes only. The treaties require that the lawful distribution of raw material and of manufactured drugs be submitted to rigid supervision and accounting. However, in some countries national interests have resisted international control.

Perhaps the most flagrant abuser, Japan, though continuing to collaborate with the Advisory Council on Opium Control, encouraged the consumption of opium and manufactured drugs during its occupation of China during the Second World War, and increased the area of poppy cultivation, to debilitate the Chinese Army and people. Their profit from the illicit sale of narcotics, during the war years, has been estimated at \$300,000,000.

In Iran, Mexico, and other agricultural nations the cultivation and trade in opium is an important part of the country's economy, and therefore inimical to international interests.

However, the vigor and effectiveness of the international controls developed through the League of Nations, in Geneva, was demonstrated when, at the first session of the Economic and Social Council of the United Nations, on February 15, 1940, it established the United Nations Commission on Narcotic Drugs. United Nations Document 2/20, February 15, 1940, pages 9-10 reads:

This Commission shall assist the Economic and Social Council in exercising supervision over the application of international conventions and agreements dealing with narcotic drugs; carry out such functions entrusted to the League Advisory Committee by Narcotic Conventions as the Council may find necessary; advise the Council on all matters pertaining to the control of narcotics; prepare draft conventions; consider what changes may be required in the existing machinery and submit proposals therein to the Council; and perform such other functions relating to narcotic drugs as the Council may direct.

#### PARTICIPATION OF THE UNITED STATES

The Treasury Department is specifically charged with carrying out of the functions of the Federal Narcotic Act, according to title 21, section 197 of the United States Code (Porter Act). "... the Secretary of the Treasury shall cooperate with the Secretary of State in the discharge of the international obligations of the United States concerning the traffic in narcotic drugs . . ." on the basis of the "Convention and Final Protocol Between the United States and Other Powers: Suppression of the Abuse of Opium and Other Drugs, Signed at The Hague, January 23, 1912, and July 9, 1913," Treaty Series 612, Washington, Government Printing Office, 1922, 32 pp. (38 Stat. 1912); and augmented by the Protocols of May 28, 1926, c. 411, Sec. 1, 44 Stat. 669, and June 17, 1930, c. 497, Title IV, Secs. 518, 649, 46 Stat. 737, 762.

Within the State Department there is set up a liaison office with the following functions:



To formulate departmental policy regarding the international control of narcotics, and to perform the duties imposed by statute and treaty obligations in relation to international cooperation for suppression of the abuse of narcotic drugs.

### *Federal Control of Habit-forming and Habit-sustaining Drugs*

Contrary to what might be expected, the international conventions have little to say on the medical aspects of narcotic drug control. However, one of the conventions implies that the Drug Supervisory Board, in considering a country's estimate of needs must, of necessity, consider its medical and scientific needs. The international conventions must be considered as restrictive commodity agreements rather than health measures, since widespread drug addiction could have serious effects not only on domestic economy but also on security.

Interestingly enough, the United States Government has set up machinery to control the traffic and the abuse of narcotic drugs on both fronts—on its restriction through the Bureau of Narcotics in the Treasury Department, and on its medical aspects through the Mental Hygiene Division of the Public Health Service.

*Bureau of Narcotics of the Treasury Department.*—The Bureau of Narcotics was established within the Department of the Treasury primarily to safeguard the revenue of the United States and to protect the health of its people against illicit traffic in harmful drugs.<sup>12</sup> Under the Narcotic Drug Import and Export Act of 1922, the Marihuana Tax Act of 1937 (U. S. C., title 26, sec. 1399), and the Opium Poppy Control Act of 1942, additional controls over dangerous drugs are imposed. Thus, the primary function of the Bureau of Narcotics is the enforcement function over both the legal trade and illicit traffic in dangerous drugs.

*State licensing boards.*—Licensed practitioners and pharmacists may purchase narcotic drugs for bona fide medical purposes only.

The Bureau cooperates with the various State licensing boards by reporting to them for appropriate disciplinary action, practitioners and pharmacists who have violated the Federal narcotic law or who have been discovered to be addicted to narcotic drugs. The purpose of this report to the State licensing boards is to secure suspension or withdrawal of the professional license privilege in the interest of the public health and welfare.

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<sup>12</sup> The Bureau was created in the Department of the Treasury by the act of June 14, 1930 (46 Stat. 585; U. S. C. 282-82A) to be known as the Bureau of Narcotics. The law provides that a Commissioner of Narcotics be in charge to carry out its functions and duties. The new organization assumed the obligation of the abolished Narcotic Unit of the Bureau of Prohibition.

*Illicit traffic in narcotic drugs.*—With the cooperation of the Bureau of Customs, Federal agents search for smuggled narcotic drugs at ports of entry into the United States.

The Bureau of Narcotics operates through its staff in 15 regional offices for the apprehension and prosecution of individual violators of the above-mentioned narcotic exclusion acts.

Narcotic control is also maintained in the United States zone in Germany, but not too successfully because of long borders that offer good opportunity for smuggling and the lack of experienced personnel to cope with the situation.

*Legal trade.*—The Bureau estimates annually the amount of narcotic drugs needed for both medical and scientific purposes. This estimate is conveyed to the Permanent Central Opium Control Board in Geneva, Switzerland. On the basis of this estimate the United States is privileged to purchase from abroad sufficient quantities of crude drugs to meet its medical and scientific needs. The importation of derivative drugs is absolutely prohibited.

The Bureau of Narcotics receives the cooperation of the Mental Hygiene Division of the United States Public Health Service, which is required by statute to furnish annually an estimate of the medical needs of the country for narcotic drugs to aid the Bureau of Narcotics in making its total estimates.

*Public Health Service, Division of Mental Hygiene.*—One of the main purposes of the act authorizing the establishment by the United States Public Health Service of hospitals for the confinement and treatment of drug addicts was the provision of an extensive research program into the nature, causes, and treatment of drug addiction.<sup>13</sup> As a result of these investigations, it was found that a majority of persons addicted to habit-forming drugs are mentally ill, "although not psychotic." This fact led the Congress of the United States to recognize the importance of changing the Narcotics Division of the Public Health Service to the Division of Mental Hygiene.<sup>14</sup> This division supervises the administration of two narcotic farms, one at Lexington, Ky., and the other at Forth Worth, Tex.<sup>15</sup> Formerly, drug addicts who are equally offenders against the United States were lodged in Federal prisons. These farms have a combined capacity of 2,400 patients. They provide facilities to rehabilitate drug addicts, to restore them to health, and to train them to be self-supporting. They also carry on extensive research into the nature, causes, and treatment of drug addiction.

This division also supervises (a) the study of drug addiction, rehabilitation, and investigations on the causes and prevention of mental

<sup>13</sup> Sec. 4-b of H. R. 11143.

<sup>14</sup> Public Law No. 357, 71st Cong., H. R. 11143, sec. 4-a.

<sup>15</sup> These narcotic farms are under the Hospital Division, Public Health Service, since October 1, 1948.

and nervous diseases, (b) the cooperation with States in the control and investigation of drug addicts, and (c) the provision of medical and psychiatric care to Federal prisons (Department of Justice) by loaning United States Public Health Service psychiatrists to direct their medical services.

The responsibility of the Public Health Service with respect to mental health was further increased by the National Health Act of 1946 (P. L. 410, 79th Cong.) which provides for the establishment of a National Institute of Mental Health and for grants-in-aid to States for psychiatric services. Consequently, out of the Narcotics Division of the Public Health Service, now defunct, in cooperation with the Bureau of Narcotics with its regulatory powers, has come provision for the prevention and treatment of mental and nervous diseases.

*Public Health Service, National Institute of Health.*—The National Institute of Health makes laboratory analyses of narcotic drugs. The Chemotherapy Section in the Division of Psychology cooperates with the Bureau of Narcotics, in the matter of securing tests of the habituating qualities of new synthetic analgesics which it may be found necessary to bring within the purview of existing narcotic laws covering derivative drugs from opium and coca leaves, and other habit-forming and habit-sustaining drugs.

*Food and Drug Administration.*—The United States Pharmaceutical Association (a private association) publishes the United States Pharmacopoeia, which contains standards set by the association for the strength, purity, quality, and identity of drugs, including narcotic drugs.

These standards were adopted as the standards for the country in the Food and Drug Act of June 30, 1906, and enforced by the Food and Drug Administration. Any infringement of these standards in narcotic drugs are therefore handled by the Food and Drug Administration.

One test of the efficacy of international and national control of narcotics is a comparison of the number of addicts at the time when such control began with the number in recent times, making due allowance for some of the factors which prevent complete accuracy. About 20 years ago, shortly before international control had become effective, an estimate of the ratio of drug addicts in the United States to the general population gave the figure as 1 in 1,000. A recent estimate gives the figure as 1 in 3,000, a reduction of two-thirds. However, the most reliable indication of the impressive decrease in drug addiction is the following from draft figures of the two world wars. In the First World War, 1 in 1,500 registrants was rejected from military service primarily because of drug addiction, whereas in the Second

World War, in the age group from 18 to 38 years, 1 in 10,000 such registrants was rejected.<sup>16</sup>

### *Cost of Narcotic Drug Control in 1947*

#### *Department of Treasury, Bureau of Narcotics*

Appropriations for narcotic law administration	\$1, 430, 000. 00
Revenue accruing to the Government from application of the Federal narcotic drug and marihuana laws	1, 749, 181. 56
Appropriations for Mental Hygiene Division, Public Health Service, for the medical care (including administration) for narcotic control	2, 935, 360. 00

#### *Obligations: Treasury department for narcotic control*

Items	1940	1947	1948
Regulatory.....	\$1, 176, 030	\$1, 296, 000	\$1, 287, 000
All other including all over administrative costs.....	130, 670	1, 440, 000	1, 430, 000
Total.....	1, 306, 700	2, 736, 000	2, 717, 000

### RECOMMENDATIONS ON NARCOTIC CONTROL

The president of the Permanent Central Opium Board, which is attached in an advisory capacity to the Commission on Narcotic Drugs of the Economic and Social Council of the United Nations, considers that the United States enjoys one of the most efficient national administrations (for drug control) in the world.

The impressive decrease in drug addicts in the United States is shown in the following figures: One registrant in every 1,500 in the First World War was rejected for military service primarily because of drug addiction, whereas in the Second World War the figure was one in 10,000 selective service registrants examined for military duty in the age group from 18 to 35 years.

In 1947 the revenue accruing to the Government from the application of the Federal narcotic drug and marihuana laws was \$1,749,181.56 and the appropriation for narcotic law administration was \$1,430,000. The funds, therefore, accruing to the Government from this service was \$319,181.56, or nearly one-third of a million dollars. This plus the estimated reduction in the number of drug addicts over a period of about 21 years makes an impressive showing for this Bureau of Government.

<sup>16</sup> References: Annual Report of the Federal Security Agency, 1947. The Work of the United States Public Health Service, supplement No. 152 to the Public Health Report, 1940. Opium and Narcotic Laws, compiled by Elmer A. Lewis, Document Room, House of Representatives, 1941. United States Treasury Department Report, Protection Against Habit-forming Drugs, December 1936. Traffic in Opium and Other Dangerous Drugs, December 1947. International Agencies in which the United States Participates, U. S. Government Printing Office, Washington, 1946. Revised Edition, Public Health Law, James A. Toby, the Commonwealth Fund, 1947. Public Affairs Bulletins, Medical and Surgical Activities of the Federal Government, Charles A. Quattlebaum, General Research Section, Library of Congress, Bulletin No. 36, 1945. Narcotic Drug Control, Carnegie Endowment for International Peace, May 1948, No. 441.

International control of narcotics began with the Shanghai conference on opium in 1912, and of pestilential and contagious diseases about 100 years ago. These controls confirm the fact that, in the field of health, nations can meet together in a spirit of understanding and friendship and arrive at firm decisions which are carried through to an effective conclusion for the betterment of mankind. It also confirms the fact that within the United States, various Government agencies and private organizations can work together to attack health problems, international as well as national in scope.

The newly created World Health Organization gives top priority to other health problems such as communicable diseases (tuberculosis, venereal diseases, malaria), maternal and child health, sanitation and nutrition, problems capable of being attacked internationally, but which must be controlled nationally if we are to raise the level of our own health and efficiency.

These far ranging national and international problems, however, cannot be solved at once. The control of narcotic drugs was 37 years in the making. The first law for the control of "pestilential diseases" in the United States was enacted in the Province of Carolina in 1712; 237 years ago. The world, however, is smaller and moves much faster today. The ability to work together in these areas is basic to our very existence, our health and efficiency, and is almost imperative today. It is also necessary for the United States to give careful and detailed study to all the elements of these important health problems in order to mature recommendations on them.

### **International Cooperation in Maternal Child Health and Welfare**

The international activities of the Children's Bureau are well established, having as their aim the exchange of information and experience with other nations of the world on all matters pertaining to child life.

Under authority of Public Law 355 (76th Cong.; 53 Stat. 1290), and Public Law 402 (80th Cong.), the Bureau lends technical advisors to other countries on request and brings specialists from other countries to the United States for training. These activities are financed by funds transferred to the Children's Bureau through the Federal Security Agency by the Department of State and are part of a broad program in which more than 50 Federal agencies are participating under the general direction of the Interdepartmental Committee on Scientific and Cultural Cooperation.

The Children's Bureau carries additional responsibilities incident to membership of the United States in various international organizations.

These responsibilities and activities are carried out by the Office of the Chief and the International Cooperation Service, the administra-

tive unit in the Bureau through which many of these activities are directed or coordinated. Its functions include foreign research and exchange of scientific and technical information on maternal and child health and social services for children; advisory service to official agencies as requested by other governments and arrangements for training and observation by specialists in maternal and child health and welfare to whom special grants are made by the Bureau under the above-mentioned programs or who are referred to the Children's Bureau by such other agencies as the Specialized Agencies of the United Nations.

The field staff, which is administratively responsible to the International Cooperation Service, has included, as occasion demanded, specialists in pediatrics, orthopedics, public health nursing and midwifery, nutrition, and social services for children. Types of services requested by other governments have included studies and recommendations looking toward the establishment or reorganization of basic health and welfare services; the establishment of schools of social work and organizing of special demonstration training courses for health and child welfare workers; nutrition studies and education; advisory service with relation to children's institutions; advisory service in connection with the development of programs for crippled children.

The Children's Bureau has assigned personnel to nearly all of the American Republics. A special mission was sent to the Philippines in 1946 and assistance was given to India in 1946 in the field of medical social work.

In cooperation with the Pan American Sanitary Bureau and Mexican health agencies, the Children's Bureau has participated in the program of the Mexico-United States Border Public Health Association, which now includes a special section on maternal and child health and welfare.

The training grants awarded by the Children's Bureau to specialists from other countries provide for 6 months of study and observation in the United States. Each program is individually planned with a view to the particular needs of the country and the field of interest of the individual. In addition, the Bureau gives assistance to foreign visitors referred by other agencies. More than 250 individuals received this type of service in the fiscal year 1948.

The Children's Bureau carries major responsibility for planning participation of the United States in the Pan American child congresses which have been held periodically since 1916 and which cover the fields of pediatrics and child health, child welfare, and education. The Chief of the Children's Bureau is the technical delegate of the United States on the Directing Council of the American International Institute for the Protection of Childhood, an official agency with

headquarters at Montevideo, Uruguay. Since 1948, she has been vice president of the Directing Council. The Institute, which is concerned with all phases of child life, including health, education, and social welfare, was created as the result of recommendations of the II, III, and IV Pan American child congresses. The United States had been a member of the Institute since 1928.

The Chief of the Bureau is United States representative on the Executive Board and the program committee of the International Children's Emergency Fund, established by the United Nations General Assembly, December 11, 1946. The fund is authorized to provide emergency assistance for the benefit of children, adolescents, and pregnant and nursing mothers in countries that were victims of aggression and countries receiving help from UNRRA, and for child-health purposes generally.

The Chief of the Bureau is alternate representative of the United States on the Social Commission of the United Nations Economic and Social Council, and is a member of the United States Commission for UNESCO.

The Associate Chief of the Bureau was advisor on the United States delegation to the Fifth Session of the Interim Commission of the World Health Organization and vice chairman of the United States delegation to the First World Health Assembly.

Other staff members have from time to time been designated as members of, or advisors to, United States delegations to international conferences and international agencies.

The Children's Bureau participates in the formulation of policy recommendations through the representative of the Federal Security Agency on the Interdepartmental Committee on International Social Policy and its Subcommittees on Health, Social Welfare, Labor, Human Rights, and Non-self-governing Territories, and in connection with refugees and displaced persons where such policies are related to the health and social welfare of children and youth.

Requests for such services come to the Bureau from various organizational units within the Department of State. A recent illustration relates to implementation of the United States military government law authorizing adoption of German children by American nationals officially stationed in Germany; immigration of unaccompanied minor refugee children to the United States; problems with the Canadian Government and State agencies in connection with the adoption of Canadian children by Americans; and individual problems relating to the legal status, adoption, immigration, claims of paternity or for benefits in the case of children of unmarried mothers in other countries resulting from the residence of American nationals or presence of troops in such countries.

In the case of international agencies, the Children's Bureau gives technical consultation and assistance, including on occasions the loan

of personnel, through direct relations with international agencies, through the channels of the Social Security Administration or the Federal Security Agency, or through certain organizational units of the Department of State. Such services are being given in connection with programs and activities involving children and youth operated by Food and Agriculture Organization; Social Activities Division of the United Nations Secretariat; World Health Organization; United Nations Economic and Social Council; International Refugee Organization; International Labor Organization; Pan-American Sanitary Bureau; Mexico-United States Border Public Health Association; Pan American Union; Inter-American Commission of Women; Inter-American Indian Institute; in addition to the International Children's Emergency Fund and the American International Institute for the Protection of Childhood, mentioned above.



## OTHER PROGRAMS

### Environmental Sanitation

Control of the environment is fundamentally important in the prevention of disease and the promotion of community health. Environment, as it is usually defined, is concerned with the physical world in which we live—its climate, its topography, the changes brought about by man himself, such as housing, clothing, transportation, agriculture, water supply, sewage disposal, city planning—and the change that new discoveries constantly make in our methods of living. These conditions influence our lives for better or for worse. However, in the broad conception of the term, environment also includes such social influences as traditions, religious attitudes, cultural backgrounds, personal cleanliness, and our social heritage, which make up our social environment and bring about conditions that may influence health to an even greater degree than our physical environment.

#### ACTIVITIES

The following résumé of the sanitary activities of the various Federal agencies is designed to show the type and extent of the work done and the cooperative efforts put forth among the various agencies. The Government early in its history recognized its responsibility in the promotion of sanitation and the control of community disease. In 1692, the Province of South Carolina and the Massachusetts Bay Colony enacted laws for the prevention of infection associated with polluted air from garbage and slaughterhouses.<sup>17</sup> Since then, sanitary legislation with regulatory powers has been enacted in all States. State and local health departments include these activities in their divisions of sanitation that deal with waste disposal, water supply, and the prevention and abatement of nuisances.

While the Federal Government has no jurisdiction over State sanitary control measures, it nevertheless enters into a program of sanitation through establishing standards as they relate to water supply, the prevention of stream pollution, and other health engineering problems. These functions are chiefly discharged through the services of the United States Public Health Service in its relation to interstate commerce.

Many other Federal agencies also conduct sanitary engineering programs. Their sanitary work is related to their functional activities

<sup>17</sup> James A. Toby, *Public Health Laws, Commonwealth Fund* (1947), p. 217.

and is, in most cases, carried on with the technical and advisory assistance of the Sanitary Engineering Division of the Public Health Service. The principal Federal agencies that function in the sanitary engineering field are:

*The Public Health Service.*—The Sanitary Engineering Division, Office of the Surgeon General, of the Public Health Service directs all engineering and sanitation activities of the Service and is chiefly concerned with (a) the technical supervision and consultant services that are given to Federal, State, and local health agencies, (b) the establishment of standards and uniform sanitary engineering policies and programs, and (c) enforcement of Federal laws covering sanitation involving interstate and foreign commerce. These functions are administered through six sections covering the sanitation problems of land, air, and water; transportation facilities; milk and foods; and a general sanitation section dealing with housing sanitation, bathing beaches, and garbage and refuse disposal. There is also a section of water and sanitation investigation which conducts studies on stream pollution, sewage disposal, and other sanitary projects. These researches are general in their application. They cover studies related to bacteriological problems of stream pollution and sewage disposal, and to laboratory researches on disease-producing bacteria in milk.

In the field of milk and food sanitation, functions of this Division include research, advisory, and consultative service to local and State officials and to industry. It also has supervision of sanitation on interstate commerce carriers. Its program is, therefore, to assist State authorities to carry out their legal authority. The basic researches in the field of chemistry are conducted to determine the usefulness of known methods in determining the rates of biochemical oxygen demanded in sewage and polluted streams.

The Public Health Service conducts survey and fact-finding studies on sanitary problems and develops standard ordinances and sanitation codes, such as the Standard Milk and Food Ordinance.

*Housing and Home Finance Agency.*—This agency is primarily concerned with researches into the building codes and various phases of housing design and sanitation including the use of septic tanks and sewerage systems as well as improvement of the neighborhood.<sup>18</sup>

*Department of Agriculture.*—In the Department of Agriculture several agencies conduct sanitary programs. The Farmers Home Administration makes possible, through its supervised credit or loans to low-income farmers, sanitary facilities, adequate water supply, and insect-pests control. Also, the Cooperative Extension Service program includes general sanitation, modern plumbing, drainage, and the disposal of waste for the prevention of disease. These activities

<sup>18</sup> Personal communication, July 18, 1948.

are developed in cooperation with local health authorities and in accordance with State and local needs. Incidentally, the Rural Electrification Administration provides electric power to rural areas which make possible modern sanitary facilities. The Forest Service also provides sanitary facilities including the disposal of sewage and the enforcing of sanitary laws. The Division of Dairy Inspection encourages State agencies to institute better methods for the improvement of the sanitary quality of milk and for handling milk. The Food Inspection Division of the Department of Agriculture has regulatory powers to control food in interstate commerce, to inspect meat, and the sanitary methods of handling food products. As a part of an environmental sanitary program, the United States Bureau of Entomology and Plant Quarantine directs activities that control mosquitoes and other insect pests.

*The Tennessee Valley Authority.*—This agency likewise conducts sanitary engineering programs in relation to stream pollution. Where excessive pollution loads are discharged into the valley's streams, damage is done and conflict, therefore, arises with other Federal and State interests, as for example, Fish and Wildlife Service, recreational bureaus, and agencies dealing with sources of water supply. TVA's method in the furtherance of stream sanitation has been cooperation with Federal and State agencies and private and industrial organizations.

*Federal Works Agency.*—This agency, in cooperation with Public Health Service, assists in conducting a program for the elimination of stream pollution and improving the sanitary conditions of surface and ground water. It also extends Federal aid in the construction of sewage-treatment plants. Under Law No. 845, Water Pollution Control Act, the Federal Works Agency and the Public Health Service have undertaken an important cooperative project for the abatement of pollution of our water resources. This bill has been recently passed and an appropriation of \$75,000 for 1949 has been made for an initial administrative budget.

*Department of the Interior.*—Within the Department of the Interior, the Bureau of Mines conducts considerable research for the improvement of sanitation of mines and for the control of dangerous dusts and gases injurious to the health of the miners. Its operational staff of engineers and inspectors conduct field inspections of the health and safety conditions in mines.

In the Office of Indian Affairs their health program includes the encouragement of the Indians toward sanitary living and the promotion of better sanitary conditions on the reservations.

The Fish and Wildlife Service has considerable interest in the control of stream pollution in its efforts to protect and propagate fish and wildlife.

The protection of oyster beds from pollution is the responsibility of the Sanitary Engineering Division of the Public Health Service in cooperation with State and local health officials.

The National Park Service takes upon itself a sanitation program of considerable magnitude in its work of waste disposal, pure water, and improvement of general sanitary conditions in park areas.

*Department of Labor.*—In the Department of Labor, three bureaus cooperate in their responsibility for the health and safety of industrial workers. These bureaus work toward a better environmental condition to foster, promote, and develop the welfare of wage earners. In their promotional work, sanitation and ventilating engineers, chemists, and health authorities provide the necessary knowledge to meet this end. The Walsh-Healey Act (49 Stat. 2036, 41 U. S. C. 35-45) makes provision of safety and health in industrial plants operating in States where persons are employed on work involving Government contracts.

Other agencies of the Federal Government are concerned with problems of environmental sanitation within their own agency, as for example, the United States Maritime Commission conducts public health and sanitation programs of Government-owned shipyards and of other industrial plants engaged in construction work. Abatement of noises, smoke nuisances, and odors that cause discomfort have likewise received attention from the Government.

### *Expenditures*

No definite monetary value can be attached to these sanitary control measures as they have been supported along with related projected programs. However, in the Public Health Service it is possible to attach values that are significant. In 1947, in the Bureau of Sanitary Engineering, Public Health Service, the obligations were \$1,173,701, of which \$294,250 were for direct operations including administrative costs, \$181,467 for research, and \$697,984 for all others including an over-all administration. In 1948, the total obligations for the Bureau were \$1,062,210, of which \$330,899 were for direct operations, \$245,384 for research, and \$485,927 were for all other health activities including administration.

The report on a Nation-wide inventory of sanitation needs<sup>19</sup> gives considerable information on the extent of work yet to be done if everyone is to have a safe and healthy environment. The report recognizes the fact that the country's sanitation needs are far beyond an immediate goal and that they all depend upon changes in the economic, cultural, and social pattern of the community. An effective organization for the practical solution of community sanitary prob-

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<sup>19</sup> Supplement No. 204 to the Public Health Report, April 1948.

lems must take into consideration the local attitudes and desires of the community as well as the economic conditions. To provide an environment conducive to better social and physical health, educational work and technical advice are needed, as well as cooperative effort of Federal, State, and local agencies. This will require additional personnel, financial assistance where advisable, and cooperative long-time planning. While there is considerable duplication of sanitary services in the various agencies, this duplication is unavoidable as these services can best be given by these agencies as part of their major functions.

#### RECOMMENDATIONS

1. Sanitary Engineering Division now in Office of the Surgeon General, Public Health Service, should be transferred to the Bureau of State Services, as it is an operating unit with activities deeply involved in Federal-State relations.

2. The problem of controlling the sanitary quality of milk has been a source of friction between the agricultural and the health branches of government at all levels. The agricultural interests have been concerned primarily with economic aspects, and those in the health field have focused their attention on control of disease. Both approaches have value. A reasonable solution to the conflict and overlapping would be to agree that the agricultural group have primary jurisdiction over the production of milk on the farm, and that those concerned primarily with health come into the picture at the stage when milk is being processed and prepared for distribution to the consumer. Provision would also be needed for authorization of the health agencies to investigate actual or potential disease problems on the farms.

3. There should be a much closer liaison between Federal agencies concerned with sanitation so that conflicting bulletins are not published and to develop a coordinated program.

### Health Education

Health education is defined<sup>20</sup> as the sum of experiences which favorably influence knowledge, attitudes, and behavior relating to individual, family, and community health. Its purpose is to close the gap between scientific knowledge and the application of this knowledge to daily life. It includes:

<sup>20</sup> This definition is based largely on the following references: Wood, Thos. D., Fourth Yearbook of the Department of Superintendency of the National Education Association, 1926. Hiscock, Ira V., Ways of Community Health Education, New York, Commonwealth Fund 1939. Report of Committee on Terminology of the Health Education Section of the American Physical Education Association (now a department of the National Education Association), Definition of Terms of Health Education. J. Health and Physical Education 5: 16 December 1934.

a. School health education, concerned with providing health instruction of the school-age population (and sometimes their parents). This takes place in the school through efforts organized and conducted by school personnel, and is primary responsibility of the educational agencies of the community.

b. Public health education concerned, directly or indirectly, with all ages of the population, functioning through both public and private agencies in the homes of the people or in the community. It aims to achieve both personal and community health and to provide support for the general public health program through informed public opinion.

## ACTIVITIES

With the above definition in mind, even superficial investigation shows that the majority of Federal agencies concerned with public health carry on health educational activities. The Office of Education is concerned with school health education primarily. Public health education is centered in the Office of Health Education, Bureau of State Services, Public Health Service. It is a primary function of the Children's Bureau in the fields of maternal and child health and the care of crippled children; the Food and Drug Administration; the Department of Agriculture through its Extension Service, Home Economics demonstrations, etc.; the Department of the Interior in the Office of Indian Affairs and the Bureau of Mines; the Department of Labor in fields related to labor; the Tennessee Valley Authority in its geographic area cooperating with State and local health departments; the Federal Trade Commission in connection with advertising of food and drugs; the Atomic Energy Commission in relation to preventive measures needed where atomic energy is employed; to a great degree in the armed forces; and so on.

Nutrition education, really a segment of broad health education, is considered elsewhere in this report.

The Office of Health Education in the Public Health Service has as its stated objective "the promotion in State and local health departments of sound health education programs which will effectively reach and motivate to acceptable health practices every individual in all groups of a community. This objective is accomplished largely through the field consultation service, which is rendered through the district offices and is designed to assist States in developing new health education programs and in improving the effectiveness of existing programs." A health education consultant is attached to the staff of the district director, and works, through the State health officer, with the health educators of the State health agency. This consultation service is similar to that conducted by other specialists of the district office, including temporary assignment of personnel to the State (or

local) health agency. In addition, the Office of Health Education holds occasional national and regional meetings, at which problems of general interest and methods of meeting them are discussed, and participates closely in numerous in-service training programs. Personnel of the Office of Health Education are assigned to several other divisions of the Bureau of State Services, such as tuberculosis, venereal disease, etc., in order to facilitate this aspect of the respective operating programs.

Closely associated with its consultative and advisory activities are the interests in qualifications and training of personnel by this office. The director and his associates are active in professional circles which attempt, among other activities, to establish minimum qualifications for workers in this and allied fields. Another training activity of this office has to do with the fellowship program financed by the National Foundation for Infantile Paralysis. The Office of Health Education administers these funds, which provide stipends and tuition for health educators at schools of public health. These trainees represent one of the chief sources of new personnel entering the field of health education, either with official or voluntary health agencies. Grants are also made to physicians and engineers.

An important phase of the work of the Office of Health Education is the demonstration and evaluation of health education programs. One example of such an activity is the interviewing of a sample of population before and after a selected chest X-ray campaign to learn the educational results therefrom. Another is the study of effectiveness of educational material sent to pharmacists upon the latter and their clients.

Through its programs of (a) consultation to States, local communities voluntary organizations, and other divisions of the Public Health Service, and coordination of their programs; (b) training of health educators and other health workers, and administration of fellowships; and (c) demonstration and evaluation of health education programs, the Office of Health Education performs functions on a national scale which are similar to those performed by a State division of health education. However, in some States, the latter has certain responsibilities with respect to schools which are not within the scope of this office, but are a function of the Office of Education.

School health education is a function of the Inter-Divisional Committee on School and College Health Services, Health Instruction, Physical Education, and Athletics, composed of representatives from several divisions of the Office of Education (namely, elementary, secondary, higher education, and auxiliary divisions). This committee offers consultant services to States, local school districts, and universities on the several phases of school health programs, and conducts research along professional lines in this field. Consultation is

usually on (a) health services, (b) curricula and methods of health instruction, (c) curricula and methods of physical education, and (d) health subjects in education of teachers. In addition, workshops and in-service training institutes, on a regional basis, are conducted by this committee. The Office of Health Education of the Public Health Service participates fully in the above programs, especially in the workshops and institutes. The Office of Education has appointed a member of its staff as consultant to the Office of Health Education of the Public Health Service and the latter in turn has reciprocated. It is therefore possible for staff members of either unit to visit both health and education departments at the State level in an official capacity. This is a simple mechanism which helps to minimize possible conflicts between the two units.

In the Office of the Federal Security Administrator there is an Office of Publicity and Reports which is the internal information point for the agency as a whole and which is concerned with the dissemination of general information to the public. It may be considered chiefly a publicity unit, not conflicting with the work of the agencies mentioned above.

There is also a Division of Reports in the Children's Bureau, the main function of which is the preparation of publications and bulletins, consultation on writing techniques to professional workers in the bureau, news releases, etc. Some of these functions may be considered health education, but it is generally on an operational rather than consultative level, and does not duplicate the work of the Office of Health Education.

There has been a tendency to curtail rigidly health education activities of the Federal Government. This is unfortunate, and restricts legitimate and desirable work that could be highly useful in promoting health and preventing disease. Educational media of Nationwide coverage such as radio (as used by the Farm and Home Hour) and periodicals could well be employed by the Federal Government to great advantage without interfering with prerogatives of the States. The so-called workshop technique of education has proved merit as an educational method, and under proper safeguards should be encouraged rather than proscribed. At the National Health Assembly, May 1948, the section on rural health presented the following:

One of the greatest problems in rural areas is getting technical information and guidance for the development of plans and programs to improve health services. Since the congressional investigation of health workshops, professional health workers from the Federal Government have not been available to lay groups to provide technical information. To remedy the situation, the rural health section unanimously adopts the following resolution:

Problems affecting the health of the people can be best solved by local groups meeting together. Government and other agencies at all levels should be free to present to these groups the factual and technical information which, by virtue of their function, they have assembled.



The practicing physician has great opportunities to provide a preventive type of service and health education under most favorable circumstances for his patients. In fact, prevention and treatment are so indissolubly interwoven as to be almost inseparable. Prevention will be stressed if the practitioner has a preventive point of view, which he is most likely to have if it was inculcated during his medical education.

The teaching of preventive medicine in medical schools is very uneven and in the majority of schools inadequate. A study in 1946<sup>21</sup> showed that only 15 of the 79 4-year schools in the United States and Canada devoted at least the recommended 4 percent of total teaching hours to preventive medicine.

The Federal Government has already entered the field of subsidizing medical schools in providing funds for cancer and mental health education. It would be even wiser to provide assistance in the general field of preventive medicine teaching.<sup>22</sup>

### TRAINING OF PUBLIC HEALTH PERSONNEL

The need for public health personnel is discussed in the report dealing with the problem of all personnel in the medical and health fields. However, it is pertinent to point out here that the amount of training facilities for public health workers is inadequate, and that recent estimates indicate an urgent need for doubling present academic facilities and expanding to an even greater degree facilities for field training. None of the schools of public health serves a single State, all are regional or national and most of them have a large number of foreign students as well. It is a well-established fact that training of foreign students in public health has been one of the best investments in international good will which this country has ever made.

<sup>21</sup> Leavell, H. R., The Teaching of Preventive Medicine, J. Ass'n Am. Med. Coll., July 1947.

<sup>22</sup> Cancer Teaching. Public Law 410 as amended, which authorizes the National Cancer Institute (title IV, sec. 402) to:

a. Conduct, assist, and foster researches, investigations, experiments, and studies relating to the cause, prevention, and methods of diagnosis and treatment of cancer;  
c. Provide training and instruction in technical matters relating to the diagnosis and treatment of cancer;

f. Cooperate with State health agencies in the prevention, control, and eradication of cancer.

Federal Security Agency Appropriation Act 1949, P. L. 639:

To enable the Surgeon General, upon the recommendations of the National Advisory Cancer Council, to make grants-in-aid for research and training projects relating to cancer, \* \* \* to cooperate with State health agencies, and other public and private nonprofit corporations, in the prevention, control, and eradication of cancer by providing consultative services, demonstrations, and grants-in-aid.

Mental Health Teaching. Public Law 487, 79th Cong., National Mental Health Act, sec. 7, amending pt. A of title III, Public Health Service Act, sec. 303: To provide such training and instruction, and demonstrations, through grants, upon recommendation of the National Advisory Mental Health Council, to public and other nonprofit institutions, but only to the extent necessary for the purposes of such training and instruction.

The cost of training a student in public health is vastly greater than the tuition charged. The problem is one in which the Federal Government has a great stake, and legislation might well be considered providing grants-in-aid for public health training. Such grants should be made direct to the institutions, rather than being channeled through State health departments.

#### RECOMMENDATIONS

1. The Federal Government should engage aggressively in health education of the people, coordinating its activities with national voluntary health agencies and with State and local health departments.

2. The Public Health Service, because of its very broad interests and duties, should take primary responsibility for the coordination of all health education carried on by agencies of the Federal Government to avoid overlapping and duplication, as well as to promote complete coverage of the field. Agencies other than the Public Health Service with important health programs may use health educators and health education techniques advantageously in serving the people, but their work should be correlated with similar work by other Federal agencies.

3. The Office of Health Education in the Public Health Service should advise with all other units of the Service on health education matters.

4. The Office of Education should develop an active program of school health education to assist State and local departments of education.

5. The Federal Government should consider the teaching of preventive medicine to medical students as the field medical education in which Federal subsidy has the greatest possibility of usefulness.

6. Federal subsidies to institutions and field centers training public health workers should be provided.

### Rural Health

Any discussion of public-health problems in the United States which failed to emphasize the needs of rural areas would be derelict in its duty. The following statement published recently summarizes the health situation concisely:

For practically every category of service, with the exception perhaps of the dubious benefits of midwives and patent medicines, the rural population receives services smaller in quantity and lower in quality than the urban and far less adequate than would be warranted by the burden of illness and impairment that it bears.<sup>23</sup>

<sup>23</sup> Mott, F. D., and Roemer, W. I., *Rural Health and Medical Care*, New York, McGraw-Hill, 1948.

The same authors quoted above highlight the fact that the rural health problems vitally affect the urban population as well:

The perennial bumper crop of farm children and the harvesting of nearly half that crop by our cities result in a disproportionately low number of persons in the prime of life in rural areas, and if tomorrow's urban citizens are to have the opportunity to build sound bodies and alert minds in infancy and childhood, the benefits of scientific health care must be extended to the country as well as the city.<sup>24</sup>

Some comparative figures are shown in the following table, quoted from both the sources named in the footnote.

Almost limitless other citations might be given to illustrate the point that rural health problems are generally more serious and improvement is taking place more slowly than in our cities due to inadequacies of health facilities and personnel.

*Rural versus urban health*<sup>1</sup>

	Rural	Urban
Mortality rate per 100,000 population, 1940:		
Typhoid and paratyphoid fevers.....	1.5	0.4
Diphtheria.....	1.5	.5
Pellagra.....	2.4	.5
Measles.....	.7	.2
Scarlet fever.....	.6	.4
Whooping cough.....	3.2	1.0
Malaria.....	1.9	.2
Percentage decrease in mortality, 1900-1940.....	29.0	45.0
Infant mortality 1942 (infant deaths per 1,000 live births).....	43.3	34.3
Maternal mortality 1941 (maternal deaths per 1,000 live births).....	8.5	2.6
Cases of illness (committee costs medical care) (per 1,000 population per year).....	830	790
Academy of Pediatrics Survey:		
Ratio physicians per 1,000 children.....	1.8	4.1
Ratio dentists per 1,000 children.....	1.0	2.3
Beds in general hospitals per 1,000 children.....	8.4	15.4

<sup>1</sup> Sources: (1) Mott, F. D. and Roemer, M. I., *Ibid*; (2) Hubbard, J. P., Pennell, M. Y., and Britten, R. H., *Health Services for the Rural Child*, Chicago, American Medical Association, 1948.

Remedies without number have been suggested, and only a few will be mentioned here. Improvement in farm income is basically important and this has been accomplished to some extent. Extension of full-time well-organized local health units throughout the rural areas is fundamental, and there is little question in the minds of those familiar with the development of such units that some Federal subsidy is necessary to stimulate their extension to provide the entire population with basic health services. Upon this structure additional services may be built readily. Community hospitals and health centers must be provided in rural and semirural areas to attract medical personnel. Modern health workers have been trained rightly to realize that they cannot bring the benefits of present day medicine to their patients without minimum facilities. Methods of mobilizing purchasing power for medical care through prepayment plans in which the consumers have a voice must be developed and adapted to rural problems. All

<sup>24</sup> Hubbard, J. P., Pennell, M. Y., and Britten, R. H., *Health Services for the Rural Child*, Chicago, American Medical Association, 1948.

preventive and treatment services must be coordinated through local health councils and similar devices.

The answer to the problem of rural health is complex but it can be found. Particularly in States with a high percentage of rural population, the Federal Government has an essential role to play in finding this answer.

## RECOMMENDATIONS

The Federal Government through grants-in-aid, technical assistance and other means should increase its participation in solution of the rural health problem. Grants are needed especially to promote the extension and improvement of full-time local health departments and to assist in the building and maintenance of hospitals and health centers.

### Migrant Labor

Between 1 and 5 million workers and their dependents lead a nomadic life dependent on seasonal employment in agriculture and industry, going from one State to another. There are three principal "belts" in which migrant workers follow maturing crops from south to north: One on either coastal region and one in the central west. Many of these people have lost all legal residence and are therefore ineligible for many benefits available to other citizens of the United States, including health protection.

Our economy requires a certain amount of migrant labor to meet seasonal needs of agriculture, transportation, and industry. During depressions this type of labor becomes abundant, but during the past war domestic workers were so scarce that some 200,000 foreign workers were imported from Mexico and the British West Indies. Inter-governmental contracts were made guaranteeing these foreign workers many benefits unavailable to our own citizens, including provisions regarding wages, transportation, housing, health and medical services, continuity of employment and repatriation.

During the war the Public Health Service supervised work to protect the health of foreign migrant labor and to provide medical care. The job was done well.

In May 1946 a Federal Interagency Committee on Migrant Labor was established under authority of title III, section 302, War Mobilization and Reconversion Act of 1944 (Public Law 458, 78th Cong.), including representatives of the Agriculture and Labor Departments, Federal Security Agency, National Housing Agency, and Railroad Retirement Board. The Committee was directed "to review existing legal authority and administrative machinery of the various Government agencies to determine how living and labor standards of migrant workers in industry, transportation, and agriculture can be developed

and improved" and "to submit appropriate recommendations as to the necessary corrective action."

"Migrant labor" was defined as referring to those workers who occasionally or habitually move, with or without their families, to seek or engage in seasonal or temporary employment, and who do not have the status of residents in the localities of expected job opportunity or employment. The health of these migratory workers involves not only the workers themselves but also residents of the various States with whom they have transitory contacts as they move about. Conditions favorable to the spread of communicable disease exist and control measures are required.

The Committee emphasized the need for broad handling of the problem by employer groups, States and the Federal Government. Needs were set forth: Safe transportation, adequate housing, provision for hospital and medical care as well as health services, facilities for child care and education, elimination of child labor (agricultural work is now more or less exempt from child labor laws) as well as measures to give migrant workers protection under workmen's compensation and social security laws. Efforts should be made to reduce to a minimum the number of migrant workers needed by diversified production, maximum mechanization, and fullest possible use of local workers. Federal grants-in-aid should be made available to States in accordance with their needs to assist in providing necessary health, education, welfare, and related services.

There is little doubt that many aspects of the problem require Federal action, and that unless stimulation is provided in the form of leadership and some technical and financial assistance, the migrant laborers and their families will continue as a minority group deprived of their rights of citizenship and serving as a menace to the health of communities in which they work. The Rural Health Section of the National Health Assembly May 1948 recommended that "a Federal tax-supported program to provide health services and medical care for migratory agricultural workers should be enacted."<sup>2</sup>

#### RECOMMENDATIONS

1. The Federal Government should take the initiative in focusing attention on the health problems created by interstate movement of migrant labor, and should enlist whatever aid is possible from State and local government and employer groups involved.

2. Grants-in-aid should be made available to States affected by the migrant labor problem to assist in building up and maintaining strong health services, to control communicable disease, and to provide medical care for such of these workers as cannot be cared for otherwise.

## Mental Hygiene

Since the newer concepts of public health imply the "mental and physical well-being of the people," it is fitting that mental hygiene<sup>25</sup> is now an integral part of governmental function. For a long time the isolation of the mentally ill was the only activity of governments with regard to this category of individuals, but with the advance of knowledge certain methods of empirical treatment were added to the custodial care. Later, progress in diagnosis and treatment resulted in the clinic or out-patient type of service. At the present time, medical science has gone one step further and is adapting psychiatric methods to man's everyday experiences in an effort to prevent future symptoms of mental illness.

There is little scientific proof that the person with an emotional disturbance of today will become, if unchecked, the psychotic case of tomorrow. It is well known, however, that such individuals tend to become neurotic, and by their attitudes and personality patterns to exert an unfavorable influence upon their associates, especially the young. The concentration of neuroticism in a population can be attacked by mental hygiene and public-health methods. Mental, as well as physical, well-being are the desirable goals.

The Federal Government has long been active in the care of persons who are mentally ill, concentrating especially upon certain categories of individuals. Among the latter are military personnel, other groups of Federal employees, merchant seamen, veterans, Indians, narcotic addicts, residents of the District of Columbia, etc. In many of these programs, there has been cooperation with the mental institutions of the several States; in some, notably the Veterans' Administration, an extensive program of care and treatment has been in effect. In addition to institutional care, several Federal agencies operate psychiatric clinic services (often in conjunction with general medical, surgical, or employee health clinics). The two mental hospitals in the Public Health Service are operated by the Mental Hygiene Division of the Bureau of Medical Services. Their attachment to the Hospital Division would be administratively sounder.

Both of these types of programs, hospitalization or out-patient clinics (or dispensaries), tend to emphasize the diagnosis and treatment of mentally ill (or potentially mentally ill) patients—that is, the clinical approach. A study of the Federal activities in this respect has been made by another group and will not be duplicated here.

Preventive mental hygiene is implicit in many activities other than clinical services per se. The so-called morale talks in the armed serv-

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<sup>25</sup> The terms "mental hygiene," "mental well-being," and "preventive psychiatry" are used synonymously in this report, as a contrast to curative psychiatry or treatment of mentally ill patients, though obviously there are differences in definition.

ices, improved interpersonal relationships in an administrative hierarchy, health education activities of various groups, general betterment of socioeconomic situations, the sum total of human environment, all of these have effect on people which may be termed, in a sense, mental hygiene. It is clear that no organized program of government has touched all of these elements of preventive psychiatry nor is it likely that there will be such a program. At any rate, a study of such scope is neither intended nor possible here at this time. However, there have been some steps taken by the Federal Government which aim toward improvement of the mental health of the people. These will be touched upon.

## ACTIVITIES

Under the Public Health Service, there has been established a National Institute of Mental Health (Public Law 487, July 3, 1946). This is a recent development and its program has been in operation only a short time, but already its plans are well formulated. Here, coordinated studies will be conducted in the many sciences which bear upon the problem of mental health. These will be aided by the appointment of research fellows who, it is hoped, will contribute to the present knowledge in this field. With respect to this research, certain advances are to be expected which may clarify the relationship between cause and effect in psychiatric disorders. Though such knowledge will be applicable in large measure to persons with symptoms, a better understanding of causation will perhaps point the way toward more effective preventive measures. At any rate, research in mental illness is a necessary activity from which may stem answers to one of today's serious public-health problems.

The Public Health Service has plans for setting up demonstrations for the purpose of stimulating mental hygiene activities in areas where they are deficient and of attempting to determine improved methods of conducting such activities. This aspect of the total field will probably not assume very large proportions, though just a few such demonstration units may possibly contribute much to public-health practice in mental hygiene.

The Public Health Service has operated, since July 1943, an Employees' Health Service which provides coordinating and consultative services regarding methods, scope, and standards for operating health programs within those Government agencies which request services in these matters. One of the units of this health service is that devoted to mental hygiene, whose program is truly preventive insofar as its emphasis is primarily on the solution of various problems that interfere with satisfactory job adjustment. In addition to consultative and instructional services to physicians and nurses of the health service, this unit conducts lectures and classes for employees and

instructs personnel officers, supervisors, and counselors in emotional hygiene. Although this program reaches a limited number of the population, the experiences relating to job adjustments, supervisor-employee relationships, scientific personnel management, and, in fact, the entire field of industrial mental hygiene have demonstrated the advantages of such an approach. Progress in counselling and guidance in other fields and under other circumstances (considering now the population as a whole) is indeed closely related to the work of the Mental Hygiene Unit of the Employees' Health Service.

The direct activities of the Federal Government in mental hygiene are limited to research, demonstrations, and preventive services to certain employees (including similar programs in the military forces). However, the broader application of the knowledge gained in these activities is utilized in furthering mental health among all of the population.

#### FEDERAL SUBSIDIES

The Mental Health Act of July 1946 provides for the granting of funds to States and other political subdivisions and to universities, hospitals, laboratories, other public or private institutions, and individuals for research, training, and developing the most effective methods of prevention, diagnosis, and treatment of psychiatric disorders. These grants-in-aid are administered through the Division of Mental Hygiene of the Bureau of Medical Services of the Public Health Service, the largest proportion of the money going to the States which have submitted plans for establishing and improving the mental health services in their communities. Table VI, page 138, shows the 1949 budget of the Division of Mental Hygiene.

In keeping with the general philosophy of advocating administrative self-determination by State and local agencies (insofar as consistent with sound practices), the States are required to submit plans for establishing mental hygiene programs. The plans submitted by several States have shown diversity in principal objectives, points of emphasis, and organizational development. Since public-health practices in mental hygiene have not yet been established to the same degree as in other fields, it is perhaps wise to encourage these and other different approaches. Among the items for which some States are using the money granted to them (and matched from State funds) is the establishment or expansion of mental hygiene clinics. This is an attempt to bring integrated psychiatric teams to communities where such services are inadequate to meet the needs of the public. In general, such clinics tend to be treatment centers, but the preventive attitude is involved in the services to persons with mild emotional or behavior symptoms (these being often no different from what, in another, would be considered "normal").



TABLE VI.—*Division of Mental Hygiene (Bureau of Medical Services of U. S. Public Health Service) Budget for Fical Year 1949*

Community Services.....		\$3, 888, 820
Grants to States.....	\$3, 550, 000	
Consultative services.....	130, 820	
Demonstration clinics.....	132, 500	
District of Columbia Juvenile Court.....	15, 000	
Administration of Community Services Section.....	60, 500	
	3, 888, 820	
Hospital Services.....		3, 708, 000
Fort Worth, Tex.....	1, 706, 500	
Lexington, Ky.....	2, 001, 500	
	3, 708, 000	
Research.....		731, 100
Grants.....	470, 000	
Fellowships.....	100, 000	
National Institute of Mental Health.....	89, 000	
Publications, reports, statistics.....	72, 100	
	731, 100	
Training and standards.....		1, 696, 085
Graduate training.....	1, 430, 000	
Demonstrations in professional education.....	107, 935	
Institutes.....	20, 450	
Administration of Training and Standards Section.....	137, 700	
	1, 696, 085	
Administration.....		303, 340
Total budget.....		\$10, 327, 345

The integrated staff of such a clinic (psychiatrist, psychiatric social worker, psychologist, psychiatric nurse) has functions other than that of seeing patients. Consultant services for private physicians, hospital clinics, health department physicians and nurses, when competently furnished, have their obvious benefits. This staff can participate in a community educational program in cooperation with such agencies as schools, colleges, civic organizations, parent-teacher associations, social workers, and other public and private agencies.

Another important use of the money by the State health authority is in facilitating training of professional personnel, chiefly psychiatrists, psychiatric social workers, clinical psychologists, and psychiatric nurses. This aspect of the program attempts to alleviate the well-known shortage of trained mental hygiene workers as well as their equally well-known maldistribution over the Nation as a whole.

Training and research are also facilitated by grants-in-aid to universities, hospitals, clinics, and other teaching centers, and by the award of stipends and fellowships to qualified individuals. The extent to which these research activities are integrated with one another is not yet evident because of the relative newness of the program, but every effort should be made to achieve coordination.

## SUMMARY

Preventive mental hygiene services are conducted by several agencies of the Federal Government and, through Federal subsidies, by the several States and other public and private agencies. Federal programs have usually been a part of general health services, and have been implemented by mental health education among Government employees (including military personnel). In addition, the National Institute of Mental Health has begun a research program, and plans for demonstration mental-hygiene programs have been formulated.

State plans have stressed mental hygiene clinics, mental health education programs in cooperation with community agencies, training of personnel and a certain amount of research. Grants-in-aid have helped institutions and individuals in training and research. Because the Mental Hygiene Division works so closely with States, its position in the Bureau of Medical Services is somewhat anomalous. A more logical administrative arrangement would place it in the Bureau of State Services where it could work more closely with the proposed Division of Grants.

Since mental hygiene is a relatively new activity in public-health practice, much about it remains to be defined. The meaning of mental well-being (individual, community, national), cause and effect relationships, host versus environment (to borrow an epidemiological concept) administrative considerations—these and others need to be worked out through experience and critical evaluation.

## RECOMMENDATIONS

1. That the administration of the two hospitals now operated by the Division of Mental Hygiene be transferred to the proposed Medical Care Service of the National Health Administration.

2. That the Division of Mental Hygiene be transferred from the Bureau of Medical Services of the Bureau of State Services.

3. That the Division of Mental Hygiene be responsible for carrying out demonstration programs, in coordination with the activities of State and local agencies and with the National Institute of Mental Health.

4. That the Division of Mental Hygiene supply consultant services to States and other agencies through the district offices of the Public Health Service, and continue to study the programs evolved by these agencies critically and analytically.

5. That grants-in-aid to States and other agencies and individuals be continued, being administered by the proposed Division of Grants, with the Division of Mental Hygiene acting in an advisory capacity.

6. That sponsorship of training of personnel continue in effect in order to meet the problems of shortage and poor distribution of qualified specialists.

7. That the Mental Hygiene Unit of the Employees' Health Service expand its work to extend to all Federal employees and place additional emphasis on the job and family relationships of the individuals.

### **Public Health Disaster Preparation**

It is not the province of this report to discuss health problems of civil defense in wartime, which are being studied by the Medical Advisor to the National Security Resources Board (Public Law 253, 80th Cong.) and by the Medical Section of the Office of Civil Defense Planning set up under the National Military Establishment. It is important to suggest, however, that in omitting the Federal Security Agency from representation on the National Security Resources Board the civilian health problems that would be so serious in war apparently have been slighted.

Even during peacetime, floods, hurricanes, explosions, epidemics, and the like often assume disaster proportions and require public-health organization to protect the people. The American Red Cross, as a quasi-governmental organization, plays an indispensable role in mobilizing health resources through voluntary contributions, as does the National Foundation for Infantile Paralysis in its special field. Both these organizations are demonstrating much greater recognition of the importance of teamwork with governmental and other voluntary health agencies in areas where disasters occur than has too often been the case in the past. Part of the difficulty in cooperation has undoubtedly resulted from imperfect planning by governmental health agencies. The Public Health Service has recently set up the Health Emergency Planning Unit with a small staff in the office of the Surgeon General, thereby taking its rightful place of leadership in correcting this deficiency. The purposes of this unit are to "draw plans for more comprehensive public-health catastrophe service to be offered in response to peacetime emergency requests from States" and to "plan a coordinated program for safeguarding public health during a national emergency."

There must be joint planning by all Federal and national voluntary agencies which may be involved in providing services in disasters, as well as planning to mobilize fully the resources which the Public Health Service may itself be able to make available. This involves:

1. Communicable Disease Center, Atlanta.
2. Development of a group of Reserve officers in the Commissioned Corps, subject to emergency mobilization for disaster service.

The Communicable Disease Center is operated under the Bureau of State Services in the Public Health Service. It represents a relatively new and important development in that all types of medical and auxiliary personnel equipped to deal with epidemics are available for emergency duty upon call by the States. Necessary mobile equipment is at hand. The Center grew out of the program of malaria control in war areas which the Public Health Service conducted so effectively in World War II and which resulted in reducing the incidence of malaria in the armed forces in the continental United States very materially below that which prevailed in World War I.

#### RECOMMENDATIONS

The Health Emergency Planning Unit in the Public Health Service has a useful function in planning for public-health participation in disasters and should be continued, its staff being augmented as may be required.

## PREVENTIVE MEDICINE ACTIVITIES OF VETERANS ADMINISTRATION AND THE ARMED SERVICES

Both the Veterans Administration and the armed services have to be considered with respect to activities in preventive medicine. There is, however, no organic connection between the two and each will be taken up separately.

### The Veterans Administration

The Veterans Administration is not legally permitted to carry on preventive activities, but must await the development of actual disease before making its medical facilities available to veterans in the opinion of its legal staff. No special division of preventive medicine is maintained, but certain activities of the department of medicine and surgery are preventive in nature. It is fundamentally true that when the best possible medical treatment is provided a patient early in his disease, it can be shown readily that complications, sequelae and often death are prevented, and the period of illness and convalescence shortened.

#### ACTIVITIES

In certain special areas there are activities of a preventive nature in the more commonly accepted sense of the term:

1. *Neuropsychiatry*.—Mental-hygiene clinics are operated at regional offices and some hospitals and definite attempts made to get patients under treatment early. Members of a veteran's family may be contacted by psychiatric social workers, but, if found to be in need of care, they cannot be treated by the Veterans Administration. They must be referred elsewhere even if contributing to the veteran's mental problems. There is no reason, however, why the Veterans Administration could not contract with a health-department mental-hygiene clinic where one existed, and agree to pay for the care of a veteran so that he and his family might be treated by the same psychiatrist.

2. *Venereal Disease*.—At the time of discharge at separation centers numerous veterans were found to have syphilis, and many were not previously diagnosed or had received inadequate treatment. The follow-up of this group has been far from adequate. A sample of

such cases studied has shown: (a) 10,000 positive or doubtful spinal fluid; (b) 150,000 treated, but spinal fluid not examined; and (c) 40,000 positive on separation, but not treated.

The armed forces have not maintained a syphilis register though the Hawley committee has recommended that they do so in the future. Such a register would facilitate greatly the venereal-disease control work of the Veterans Administration. Up to the present time, it has been impossible to discover and follow a great many veterans with syphilis who should be receiving treatment.

The problem of "service connection" is often a knotty one in the venereal-disease field, even though to establish service connection it must be shown that the disease was contracted while in service, that the earliest manifestation was reported, and that treatment was continued until the approved conclusion thereof.

Up to 1940 following World War I, the Veterans Administration spent \$83,000,000 for medical care of venereal disease. The cost of a case of paresis was estimated at \$40,000. At present over a million dollars a year is being paid as compensation to venereal-disease cases. If the results following World War II are comparable with World War I, the medical care costs alone of venereal disease are estimated at \$328,000,000 and compensation would increase the total to over a billion dollars. (It is too early to predict whether newer treatment methods used in World War II will reduce materially the late complications of syphilis which are so costly.)

3. *Tuberculosis*.—Some very useful preventive measures are in operation which will undoubtedly reduce the costs of providing medical care for tuberculosis veterans. Chest X-rays are being made to determine whether tuberculosis is present on all admissions to veterans' hospitals and "homes," all veterans examined in regional offices, hospital patients if institutionalized more than a year, and hospital personnel annually. New cases of tuberculosis among veterans are being reported at the rate of 450-500 per month now.

Tuberculosis case registers are maintained in each of the 67 regional offices to facilitate follow-up; contacts are listed and health departments notified so that contacts may be followed.

Hospitalization is discussed in another section.

4. *Rehabilitation and job placement*.—This may be considered in many respects a preventive type of program, and it has great importance. It will be discussed elsewhere.

5. *Examinations for evidence of tropical disease*.—Fortunately, the incidence of tropical disease among veterans has been considerably lower than was anticipated, but it has been important as a preventive measure to search for evidence of such disease.

## RECOMMENDATIONS

1. Preventive measures such as venereal disease control, tuberculosis control and mental hygiene, which are likely to save great sums that might otherwise be spent for medical care including hospitalization, should be available readily to veterans. This may be accomplished in several ways:

a. Authorize and establish preventive measures to be carried on by the Veterans Administration, at least in certain fields where it can be shown the savings to the Federal Government would be enormous.

b. Authorize and establish a very efficient referral and follow-up system to be operated by the Veterans Administration to make sure that veterans receive the benefits of preventive measures that may be available through private physicians or local community facilities. This is an added reason for strengthening local health service to make such services available to veterans financially unable to employ a private physician.

2. Syphilis registers should be established and maintained by the armed forces and made available to the Veterans Administration.

3. The medical staff of the Veterans Administration should be encouraged in every possible way to have a major interest in prevention, health promotion and rehabilitation. These three approaches to health are relatively inexpensive and productive. Treatment and alleviation of disease and injury are important, but they are costly.

## The Armed Forces

The Army, Navy, and Air Force each has a preventive medicine division serving in essentially similar roles in each branch of the armed services. All of these preventive medicine divisions recommend policies, standards and procedures for the control of disease, particularly communicable disease, insect and pest control, sanitation and industrial health. None of them has important operating functions, all serving in a staff capacity. The size of the preventive medicine divisions has been markedly curtailed since the close of the recent war.

### ARMY PREVENTIVE MEDICINE DIVISION

This division operates under the Surgeon-General and is divided into five branches as follows:

1. Laboratory Branch.
2. Infectious Diseases Branch:
  - a. Epidemiology Section.
  - b. Immunization Section.
  - c. Venereal Disease Section.

3. Nutrition Branch.
4. Environmental Sanitation Branch:
  - a. Sanitation Section.
  - b. Sanitary Engineering Section.
  - c. Occupational Hygiene Section.
5. Medical Intelligence Branch:
  - a. Analysis Section.
  - b. Archives Section.

The division is staffed with six Army medical officers, one Army nutritionist, one Army entomologist and one Army sanitary engineer. There are two civil-service technical people in the division, one serving as Assistant Chief of the Laboratory and the other as Chief of Medical Intelligence. Both these were Army officers during the last war.

Research activities for the Army in the preventive medicine field are conducted largely by the Army Epidemiological Board, now administered by the Research and Development Board. This arrangement works quite satisfactorily.

The Army has a definite policy of sending officers to schools of public health for training. During the prewar years, this was done at the rate of about two to four per year. Since the war the number of men trained in public health schools has increased markedly: 1945-1946, 19; 1946-1947, 11; 1947-1948, 14; 1948-1949, 12. Most of these men so trained have been kept in preventive medicine work rather than being assigned to nonrelated duties. There is one in each Army area in the United States (6). Men are also assigned to the Army in Japan, Germany, Korea, Okinawa, etc., and to civil government in Japan and Germany. Some of them are assigned to work in foreign ports.

The actual operating work in preventive medicine is the responsibility of medical officers assigned to various Army areas and units under the direction of the commanding officer.

#### NAVY DIVISION OF PREVENTIVE MEDICINE

This division is set up in the Bureau of Medicine and Surgery of which the Surgeon General of the Navy is Chief, under the direct supervision of the Assistant Chief of the Bureau for Research and Medical Military Specialists.

In this Bureau, there are four divisions:

1. Research.
2. Atomic Defense.
3. Special Weapons.
4. Preventive Medicine Division.



Under the Preventive Medicine Division there are three branches:

1. Communicable Disease Control:
  - a. Acute Communicable Disease—Epidemiology.
  - b. Tuberculosis.
  - c. Venereal Disease Control.
2. Quarantine Liaison Branch.
3. Sanitation and Health Branch:
  - a. General Sanitation.
  - b. Pest and Insect Control.
  - c. Rodent Control.
  - d. Industrial Hygiene.
  - e. Accident Prevention.

There are five medical officers in the central Preventive Medicine Division; four additional doctors work in the communicable disease epidemiological unit, investigating epidemics as they arise and carrying on various kinds of research in the interim. At the naval district level, the general medical officer has a nonmedical man assigned to him to carry on preventive medicine activities.

The Navy has sent about eight men per year to schools of public health on a voluntary basis; not all of the men so trained have been kept in preventive medicine work in the Navy.

The Navy is particularly proud of the results of tetanus-toxoid immunization done in 1941. There were only four cases and two deaths in the Navy from tetanus, a much lower rate than existed in the World War I records. The Navy, early in the war, began preinduction X-rays for tuberculosis and this was placed on an annual basis for all men in the Navy beginning 1944 and 1945.

#### AIR FORCE—PREVENTIVE MEDICINE DIVISION

There are only two men in this division, the chief and a sanitary engineer. The Air Surgeon exhibited a great deal of interest in the discussion of preventive medicine activities of the Air Force. It was pointed out that, in the Air Force, preventive medicine activities fall in three major divisions:

1. *Communicable disease control and sanitation.*—Here principles developed by the Surgeon General of the Army are followed in most instances. The Air Force is given opportunity to comment on proposed new policies before they become effective and may either concur or not as seems appropriate. Certain special problems peculiar to aviation medicine such as the disinsectization of planes and problems relating to personnel engaged where no Army or Navy forces are operating are handled on a separate basis by the Air Force. The immunization requirements are identical with those of the Army. There are some difficulties at the present time in getting morbidity

figures separate from the Army figures. Perhaps this is because of the fact that the Air Force Medical Corps has not yet been separated entirely from the Army.

2. *Industrial medicine.*—Seven depots are maintained at present by the Air Force, carrying on engineering and supply functions and employing from 1,500 to 9,000 employees each. Here the program is to provide a hygienic working environment on the job, medical service for all civilian employees and education of personnel on employment hazards, accident prevention and proper health habits. Civilian physicians are used in cases where there are many civilian employees.

3. *Aviation medicine.*—Aviation medicine itself is essentially preventive, and the importance of having medical officers familiar with flying conditions is considered great. The development by the Air Surgeon's office of body armor in the European theatre of operations shows an actual record of having saved 500 crewmen of planes operating in this area. The ditching procedure developed by the Air Surgeon for planes having to land in the North Sea and the English Channel may also be cited. Prior to the development of these procedures, only 1.8 percent of the men were being saved. After the medical service of the Air Force developed a definite procedure and the men were trained in this operation, the saving increased to 46 percent. There were actually 2,500 men saved by this procedure.

The problem of frost bites was also one which engaged the attention of the medical service. Mental health problems were handled by the development of 40 rest homes on English estates where men were sent for a 1 week's period of rest as soon as premonitory symptoms of battle fatigue developed. It is pointed out that the medical officers needed to actually live with the men in order to be able to detect these premonitory symptoms at an early time when rest treatment could be made most effective. At present, a civilian commission is outlining criteria for the diagnosis of combat fatigue and is developing suggestions regarding methods for handling it.

The Air Force has trained six men in schools of public health since the war; only three of these now remain in the Force, including one teaching at the school of aviation medicine. Regular medical officers now receive 8 months of training at this school, Randolph Field, San Antonio. The Air Force would like to shorten this course by 4 months and have all medical officers take a course of the full academic year in schools of public health. About half of the training in the school of aviation medicine is now comparable to that which would be given in schools of public health.

## GRANTS-IN-AID IN PUBLIC HEALTH

The principle of grants-in-aid<sup>26</sup> to State and local governments has been known and used throughout practically all our national history. The first grant-in-aid is said to be the provision (in 1785) that a portion of Federal domain be set aside in each township for the maintenance of public schools. Later, a percentage of funds derived from the sale of Federal lands within a State was turned over to the State, generally for educational purposes. Still later, the donation of Federal land to States was modified into a system of actual cash grants. A significant step was taken in 1889 when States were required to match Federal funds as a condition for receiving them (for disabled soldiers and sailors in State homes). Federal inspection or administrative audit with potential sanctions of withholding grants was a more recent development.

Thus, the pattern of grants-in-aid was laid down over a long period of time, gradually evolving through realization of needs and through changing concepts of Federal-State relationships. The implications of Federal versus State powers have been ever present in connection with grants-in-aid and are a prime consideration in a discussion of the entire problem, though not presented in all their ramifications in this report.

The Chamberlain-Kahn Act of 1918 for the control of venereal disease introduced national grants to the field of public health. In 1921 grants to the States for maternal and child-health programs were begun under the Sheppard-Towner Act. Both programs were short-lived and died through dwindling of interest and because of conflicts over the whole philosophy of grants-in-aid. With the passage of the Social Security Act of 1935, grants for maternal and child-health work were reestablished, and general public health grants inaugurated. Later, as part of the same act and under separate acts, venereal disease, tuberculosis, cancer, mental hygiene, heart disease, and other programs were provided for in grants to States. The Hospital Survey and Construction Act of 1946 authorized a program of grants to aid in the building of public and private nonprofit hospitals and health centers.

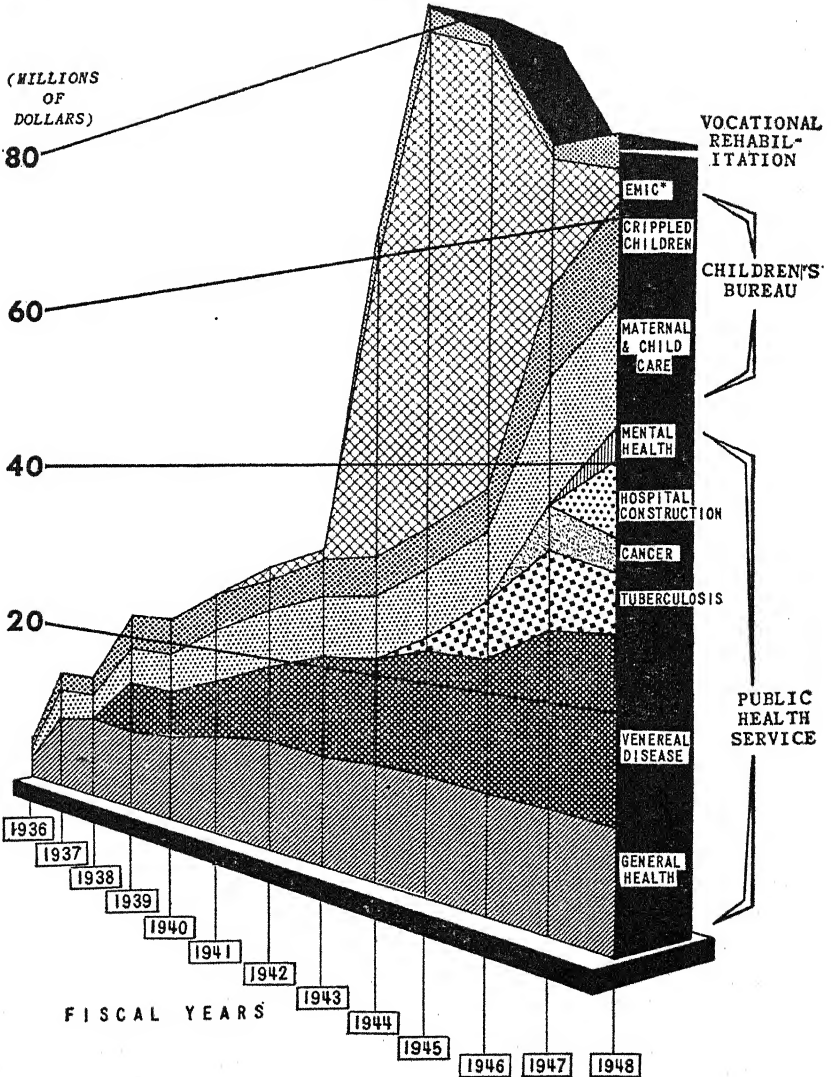
In addition to the grant programs enumerated above, there are several others, primarily in the field of research, which are considered

<sup>26</sup> The terms "grants" and "grants-in-aid" are used synonymously in this report, though their exact definitions may be somewhat different from each other. No distinction is made here as to whether or not a recipient is participating with his own funds, unless such qualification is specifically stated.

# CHART IV

## ALLOTMENTS OF FEDERAL GRANTS-IN-AID TO STATES FOR HEALTH PROGRAMS

FISCAL YEARS 1936-1948



\* Emergency Maternity and Infant Care

by the Subcommittees on Research of the Medical Services Committee and are not presented in this report.

#### LEGISLATION

There have been a number of legislative acts authorizing grants-in-aid with respect to public health work. At the present time, there are 12 programs in operation, since the Lanham Act funds for hospital and health center construction and the Emergency Maternal and Infant Care Act for wives and children of servicemen were emergency provisions and expired with the end of the war or shortly thereafter. A brief glance at the categories represented will reveal the fact that they apply largely either to a specific group in the population (maternal and child health services, services for crippled children, industrial hygiene, vocational rehabilitation) or to a disease, group of diseases, or allied conditions (tuberculosis, cancer, mental health, venereal diseases, dental research, heart disease). The remaining two (general public health work, hospital survey and construction) are not restricted with respect to population or diseases, but have a broader and wider application.

The legislative acts establishing these grants-in-aid have been promulgated at different times, written in different language, established different requirements, and their administration allocated to three branches of the Federal Government (Children's Bureau, Office of Special Services, Public Health Service—all now within the Federal Security Agency). Some laws have been amended, added to, and subtracted from. In several instances, laws were written simultaneously and there is uniformity to a degree; the same is true when one of these categories was added to another as an amendment to the original law. But in most cases there is diversity in (*a*) expression of purpose, (*b*) specific provision, (*c*) mode of apportionment, and (*d*) conditions required to be met by the recipient.

The expression of purpose in a legislative act usually influences the policies in administration of the specific provisions thereof. Consequently, it is worth while to examine purposes as stated in the language of the several laws here under discussion. The Social Security Act of 1935 (title V, which refers to maternal and child health services and to services for crippled children) states as its purpose "to enable each State to extend and improve . . . ." Title VI of the same act (relating to general public health work, later amended and incorporated into P. L. 410 of July 1, 1944) says "to assist through grants and as otherwise provided . . . ." In another part of title V (vocational rehabilitation, later amended as P. L. 113 of July 6, 1943), the law states "to provide for the promotion of . . . ." Later, in P. L. 410, with reference to tuberculosis and venereal diseases, the law asserts that its primary purpose is "to develop more effective measures

for the prevention, treatment, and control of . . ." and only secondarily "to assist through grants and as otherwise provided . . ." The most recent laws, mental, dental, and heart, are worded alike (though each is a separate act): "to improve the health of the people of the United States through the conducting of researches . . . to assist and foster such researches . . . provide training . . . and promote the coordination of all such researches . . ." However, the recent Hospital Survey and Construction Act proposes "to assist the several States . . ."

There is a question whether these few observations may be interpreted as indicating a trend in Federal grant-in-aid philosophy from one of assistance to one of actual performance. There is no question, however, that no consistent philosophy regarding the role of Federal agency in the administration of public health in this country has prevailed. The effect on a State health agency of a relatively free hand in one category and close Federal supervision and participation in another is likely to be one of confusion, and in many instances has led to relatively ineffective use of the funds. In the interest of better administration of public health, clear statements of purpose are greatly needed.

The present system of grants-in-aid has developed through a consideration by Congress of the several categories mentioned in the preceding paragraphs, with one of these categories including general public health work not otherwise specifically provided for. If this categorical approach to public health problems is continued, additional groups of the population or attacks on other groups of diseases will likely be the objects of future laws. This would undoubtedly accentuate the inconsistencies herein observed with increased disadvantages in administrative practices. Then, too, public health problems existing in the several States vary considerably and the emphasis in each locality must be different. Best results can be obtained through more local determination of needs and measures calculated to meet these needs. A modification or consolidation of the categorical approach toward the general and away from the specific grant-in-aid is indicated.

On the other hand, funds appropriated by the Congress have traditionally been for specific purposes. A departure from this policy would mean less determination by the Federal Government of the methods of using these monies. Furthermore, appropriations in categorical fields have frequently resulted from stimulation by strong and active pressure groups with special interests. Unquestionably, this has led to larger appropriations and earlier action than would have been realized with a general approach. Methods must be found to retain the interest of these special groups in a balanced program by assuring adequate attention to the categorical problems.

The dimensions of each problem under a specific category is such

that the relatively small amount of money heretofore available to meet it could be wisely spent. However, as funds become larger, this may no longer be true and a more balanced program will become increasingly important. For these reasons, definite policy should be developed as a guide for future legislative action and administration of grants-in-aid for public health work.

These acts specifically provide for grants-in-aid to be made to States, universities, hospitals, laboratories, individuals, and/or other private and public agencies (not all acts include all these as potential recipients). They emphasize research, training, construction or lease of facilities, purchase of equipment, and/or administrative activities. Some require prior recommendation by the National Health Council or its counterpart, others do not. The result of all this is that policies, regulations, and procedures become varied to a marked degree, with consequent confusion and frustration among the recipients. The diversity of aims in these various acts is perhaps justified, and provisions must be made for an experimental approach in some categories, a training approach in others, a straight administrative approach in still others, or combinations of any of these. Over-all codification, however, should provide for unified administration with enough flexibility to permit varying degrees of emphasis.

Several of the laws providing for grants-in-aid within a specific category (cancer, mental health, dental research, heart disease) have also set up special advisory councils to advise the Surgeon General in these specific fields and to recommend the grants. If the categorical approach is to be modified in the direction of general public health work, it would be wiser to abolish these categorical councils in favor of an over-all National Health Advisory Council and to have consultants in the various specialities assist the Council in technical matters (as special panels or committees). This Council would continue to advise in the general field of health as it now does.

Grants are apportioned in different ways, as specified in the legislation which established them. A minimum amount for each State is mentioned in three of them (maternal and child health services, services for crippled children, hospital survey and construction), but not in the others. Population of the State is specified as a factor in certain instances, but not in others. The extent of the problem under attack bears weight in some acts, but not in others. The financial need of the State receives consideration in several cases, but not in others. And in one instance (dental research) the entire matter is left up to a recommendation of the National Advisory Dental Council. As a contrast to the latter provision, the law on hospital survey and construction specified that a certain complicated formula be applied.

Greater uniformity of policy in the method of allocation of funds would provide for better and more efficient administration of the

program, better understanding on the part of the individual States as to what the intentions of Congress are, and readier compliance by the States with the conditions they are required to meet in order to qualify for grants.

Under conditions to be met by recipient, considerable variation is again observed. Several acts require that the funds be administered by a State health agency, others by a State agency, others do not specify. Participation with State and local funds is required in most of the acts, though only two mention the extent to which Federal funds must be matched. In one act, Federal funds match those of the States, rather than vice versa. In most of the laws, the requirements are general, leaving specific items for regulation by the Surgeon General.

An important requirement of some laws is that a State agency which receives Federal grants shall establish and maintain a merit system of personnel administration. (In other grants, this requirement is included in regulations of the Surgeon General, and is therefore subject to change.) This provision has done much to promote better qualifications of public health workers and should be incorporated into law.

Unification of these provisions would permit the formulation of clearer administrative policies and procedures, and would enable the respective States to improve their own planning of public health programs.

The diversity and variation of the entire grant-in-aid program in public health is directly due to the lack of uniformity in the several acts of Congress which established these programs. In order to unify these acts and thereby improve the administrative machinery needed to carry out their provisions, Congressional action is indicated.

#### ORGANIZATION FOR ADMINISTERING GRANTS-IN-AID

The several legislative acts which authorize grants-in-aid place responsibility for their administration upon a specific person (Federal Security Administrator, Surgeon General, etc.), requiring the delegation of such duties to an organizational hierarchy. In the Public Health Service, where the majority of grants relating to health are handled, the set-up already existed and simply adopted the new duties imposed upon it without much upheaval or "expansion pains," that is, as far as the actual allocation of money is concerned. However, some of the factors which tend to disperse the activity and thus influence its effectiveness need to be discussed.

Within the Bureau of State Services of the Public Health Service are several divisions which administer grants-in-aid. The State Relations Division has the general public health grants, the Tuberculosis Division controls its funds, as do Hospital Facilities, Venereal



Disease, and Industrial Hygiene Divisions. (The latter is responsible for a grant-in-aid program, the funds for which are derived from the general grants for public health, not set up by separate congressional act.) Within this Bureau, therefore, there is duplication of administrative functions, and, although the cost of such organizational practice is not easily determined, duplication of functions is known to be expensive. The consolidation of grant-in-aid programs within one division under the direction of the chief thereof, would improve the efficiency of these programs. It is important that the administration of grants-in-aid be a professional function, not one which is delegated to accountants or other fiscal officers.

In addition to the programs within the Bureau of State Services, other grant-in-aid funds are administered in other sections of the Public Health Service. For instance, in the National Institute of Health, the Division of Research Grants and Fellowships administers the program corresponding to its title; in the National Institute of Health, the National Cancer Institute provides grants relating to cancer research, education, and control; in the Bureau of Medical Services, the Mental Hygiene Division allots grants-in-aid in this field (though the Division of Research Grants and Fellowships in the National Institute of Health acts as a clearing house in processing the latter). As a contrast to all the above, the Division of Dentistry (in the Office of the Surgeon General) acts in an advisory capacity to the States Relations Division (Bureau of States Services) with respect to grants-in-aid in dental research.

In other words, within the Public Health Service (without considering for the moment the programs in the Children's Bureau and the Office of Special Services) there are diversification, duplication, and some variation of policy in the administration of these funds. Reorganization is clearly indicated, and perhaps the best set-up would be one similar to that for dentistry. All health grants-in-aid, including those that might be transferred to the Public Health Service from other Federal agencies, should be administered by a Division of Grants, with the various "technical" divisions acting in advisory capacities. The National Advisory Health Council (with the assistance of its specialized committees) should give general approval to the methods by which these funds are allocated.

Within the States receiving these funds, the most important organizational problem is one of simplification. Hitherto, a new categorical act has sometimes forced a State to develop a new organizational unit, frequently not needed in that State. Sometimes a unit outside of the State health authority has been created to administer Federal funds in a health grant, thus producing a less unified health administration in that State. The elimination of categories and the concentration of responsibility for health grants in one Federal agency would set a pattern which the States might well follow in building their own organ-

izations for health administration. At present, no less than 14 different types of agencies in State government (such as welfare, agriculture, labor, education, special boards or commissions, etc., in addition to health departments) have major responsibility in the various States for specific health activities.<sup>27</sup> The United States Public Health Service could still act in its capacity as advisor and thus promote this more effective organizational scheme. The same practices would then filter down to local units, with consequent benefit to the public.

## REGULATIONS AND POLICIES

The rules and regulations of the Public Health Service relating to grants-in-aid are promulgated after consultation with the State and Territorial health authorities, and insofar as is practicable the Surgeon General obtains their agreement prior to the issuance of such regulations or amendments. This assures participation in planning by State health officers and their staffs. The rules and regulations may be considered not only an expression of policy but also a guide for procedure in administering the funds. Terms used in the legislative acts are defined and interpreted; for example, "financial need" of a State is defined as the relative per capita income for the most recent 5-year period. This definition is used to determine the basis of allotment, in conjunction with definitions of population and extent of problem.

There are six factors listed under venereal disease which are to be taken into consideration in determining the extent of the problem, three under tuberculosis, three under special health problems, and two under mental health. (The other grant-in-aid programs are not mentioned in these regulations.) Among the factors are: Morbidity and mortality rates, diagnostic and treatment needs, special conditions which create unequal burdens in administration, etc. These factors are objective in character, and, used judiciously according to the weights assigned to them, should result in an equitable distribution of the available funds. However, the original purpose of grants-in-aid should be kept in mind, namely, one of assistance to those who need it most. The financial need of the State should receive a high "weight" in determining allocations.

The question of the categorical approach to grants-in-aid again arises. Different criteria are used in formulating policies and procedures for the several categories of funds, and rightly so under the present restrictions set down by Congress in its acts, but combination into a general public health program would eliminate many of the unnecessarily complex administrative procedures.

The rules and regulations express, too, the requirements which a State shall meet in order to receive funds. Specifically the State must

<sup>27</sup> Moutin, J. W., and Flook, E., "Guide to Health Organization in the U. S.", Pub. H. Serv. Misc. Publication No. 35 (1947).

describe the current organization and functions of health services and proposals for extending, improving, and otherwise modifying such organization and function. This regulation places the planning phase of the administrative process where it properly belongs, upon the State health authority. Of course, the plan must be approved by the Public Health Service before the funds are given, but the fact that the State is responsible helps improve ability to plan on that level.

Other financial requirements (matching) are given, and general procedures for audits, reports, fiscal affairs, etc., are listed. These are standardized, and necessarily so, for if 48 or more different reports or systems were in use, the Public Health Service could not effectively keep track of the money and see to it that it is expended according to the provisions of the law. Regulations of the Children's Bureau with respect to its grants-in-aid and of the Office of Vocational Rehabilitation in its program are similar to those discussed.

In general, the rules and regulations are extensive enough to assure proper administration of the law, but yet not so restrictive as to destroy initiative and autonomy on the part of the State health authority, although the prerogatives of the latter are preserved to a very considerable extent.

These regulations would, of course, be rendered obsolete if Congress adopts the recommendations to consolidate the categories now in existence. New regulations would be needed, but if they are written in the same spirit as the current ones, the program should proceed even more effectively than hitherto.

#### ADMINISTRATIVE RELATIONSHIPS

The district officers of the Public Health Service are the field representatives of the Surgeon General, and are now to be coordinated with the regional offices of the Federal Security Agency. When a State plan is submitted to the district office, it is there reviewed and conferences are held with the State health agency in an attempt to bring the plan into conformance with sound practices. It is then forwarded to Washington, where approval and allotment of funds are handled. The district office then continues as the consulting and advisory agency to the State in administering the plan.

The district director is consultant to the director of the State health agency on matters of general public health, and, through the latter, the specialists on the staff of the district director confer with and advise the chiefs of divisions in the State with respect to their fields of interest. Part of this function is supervisory rather than consultative in that the Public Health Service officers inquire into the progress of the program, check to see whether it conforms to the plan, and note whether the expenditure of funds is appropriate. There is some variation in the extent of this supervision from place to place,

but it is generally recognized that this Federal supervisory relationship should be minimized insofar as possible, recognizing, however, the Public Health Service as the responsible agency in the administration of the grant-in-aid program.

The elimination of categorical grants would have no visible effect upon the administrative relationships between the Public Health Service and the State health agencies. The latter would have more responsibility in determining the functional allocation of funds, but approval of the plan and grant of the money would proceed in the same way as at present, as would the consultative activities of the district office, both general and specialized. However, there might be some decrease in necessity for as close supervision, since the State health agency would be able to exercise more flexibility in the use of funds.

The Children's Bureau and the Office of Vocational Rehabilitation have similar field staffs, also coordinated into the regional offices of the Federal Security Agency. Their representatives work with State officials, the Department of Health and the Crippled Children's Commission (in most States) being the agencies with which the Children's Bureau makes its contacts, while the Office of Vocational Rehabilitation works chiefly with a Department of Education, or Welfare, and a Commission for the Blind (in some States). Field offices of the agencies mentioned here are discussed more fully in a separate report.

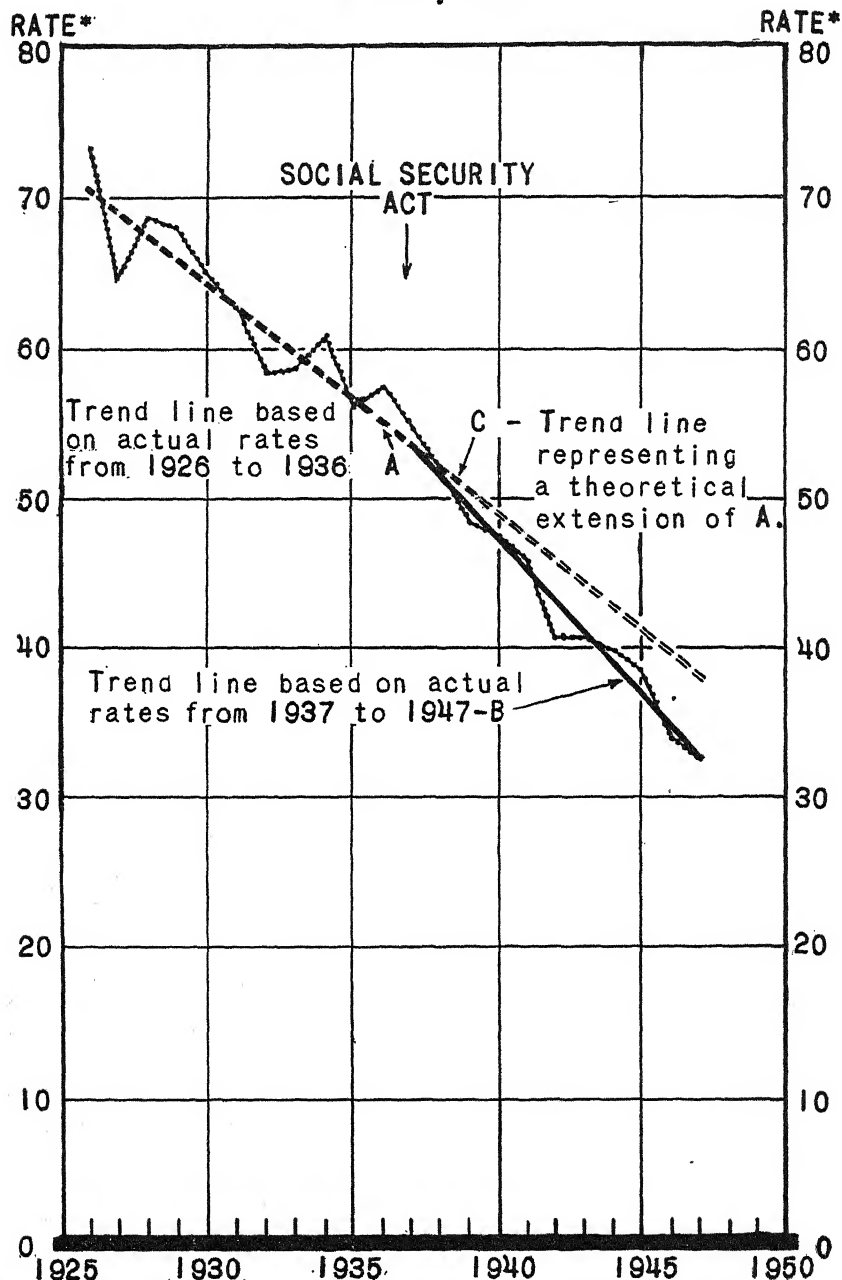
## EVALUATION OF RESULTS

A considerable sum of money has been expended by the Federal Government through grants-in-aid to States for health work (table VII, p. 159). How these expenditures have resulted in improving the health of the people and in decreased sickness and death rates is impossible to measure accurately.

There are, however, certain indices which give a good picture of the health process of a population. One of the most reliable of these is the infant mortality rate—the number of deaths during a year of children under 1 year of age per 1,000 live births during that year. It is generally agreed that the infant mortality rate is a more sensitive index of the state of health of a community than any other. The rates for the United States registration area provide evidence of the worth of one of the grant-in-aid programs, namely the Maternal and Child Health Services (Social Security Act). Two periods of 11 years are presented in table VIII, page 160, one prior to the effective operation of the program and one subsequent.

These same data are presented graphically in chart V, page 158, which shows that on the average the infant mortality rate dropped faster subsequent to the effective beginnings of the program. The projection line (C) represents a theoretical trend which would have prevailed had the "old" rates persisted. It can be argued that these

**CHART V—Trends in Infant Mortality and the Social Security Act**



\* DEATHS UNDER ONE YEAR OF AGE PER 1000 LIVE BIRTHS IN U.S. BIRTH REGISTRATION AREA.

SOURCE: National Office of Vital Statistics

TABLE VII.—Federal grants-in-aid to States for health—U. S. Public Health Service

[In thousands of dollars]

Year	Total	Rural sanitation	Venereal disease control	General public health	Tuberculosis control	Cancer control	Hospital survey and construction	Mental health	Children's Bureau		EMIO	Office of Special Services, Vocational Rehabilitation
									Maternal and child health	Crippled children		
1916	25	1 25										
1917	25	1 25										
1918	150	1 160										
1919	1,062	1 150										
1920	1,036	2 991	2 912									
1921	305	2 51	2 274									
1922	274	2 45	2 229									
1923	871	2 46	2 209									
1924	1,014	2 44	2 83						1 716			
1925	1,026	2 68	2 25						1 877			
1926	1,026	2 78							1 933			
1927	1,026	2 62							1 948			
1928	1,026	2 70							1 957			
1929	1,026	2 70							1 957			
1930	1,111	2 924							1 777			
1931	332	2 332										
1932	286	2 286										
1933	319	2 319										
1934	265	2 265										
1935												
1936	4 435			2 451					1 252			
1937	13 881			8 882					2 600			
1938	15 534			9 117					2 722			
1939	17 330			8 208					2 695			
1940	22 304		2 400	9 723					3 734			
1941	26 282		5 672	11 222					4 833			
1942	29 353		7 817	11 500					5 408			
1943	32 000		10 170	11 027					5 938			
1944	61 828		10 276	11 454					2 1 240			
1945	80 855		12 247	11 614	1 370				2 3 863			
1946	78 557		12 522	11 000	5 200				2 5 740			
1947	68 842		15 446	11 750	6 880				2 3 874			
1948	68 252		13 954	11 217	6 780				2 5 935			
Total	530,739	2,383	97,616	120,165	20,240	5,000	6,767	3,000	78,537	50,200	126,970	10,856

1 Appropriated.

2 Payments to States.

TABLE VIII.—Deaths of children under 1 year of age per 1,000 live births (infant mortality rates) United States registration area

Year	Rate	Year	Rate
1926.....	73.3	1937.....	54.4
1927.....	64.6	1938.....	51.0
1928.....	68.7	1939.....	48.0
1929.....	67.6	1940.....	47.0
1930.....	64.6	1941.....	45.3
1931.....	61.6	1942.....	40.4
1932.....	57.6	1943.....	40.4
1933.....	58.1	1944.....	39.8
1934.....	60.1	1945.....	38.3
1935.....	55.7	1946.....	33.8
1936.....	57.1	1947 <sup>1</sup> .....	32.6

<sup>1</sup> Rate for 1947 is provisional.

"savings" in human lives may be due in part to the great extension of maternal and child health services which took place in 1937 and thereafter. This may be considered a beneficial result of the grant-in-aid program.

A comparison of death rates from several causes in 1935 and 1945 is presented in table IX, below. The changes herein observed are unquestionably influenced to a certain degree by the fact that more well-trained public health workers were located in communities where their services were utilized in the latter year than in the former. In table X, below, is a comparison of the number of people residing in areas in which the standard milk and restaurant ordinances were in effect (in two selected years). These increases undoubtedly represent progress in the health protection of the people.

Another, and perhaps more pertinent, measure of the effect of the grant-in-aid programs is a study of the numbers of local health units established throughout the country before and since the money became available. Such data are presented in table XI, page 162, and chart VI, page 161, and, though not representing the number of lives saved, they do indicate the extent of the health services brought to the people.

TABLE IX.—Deaths per 100,000 population from selected diseases in 1935 and 1945 (United States registration area)

	Mortality rates	
	1935	1945
Typhoid fever.....	2.8	0.4
Diphtheria.....	3.1	1.2
Scarlet fever.....	2.1	.2
Measles.....	3.1	.2

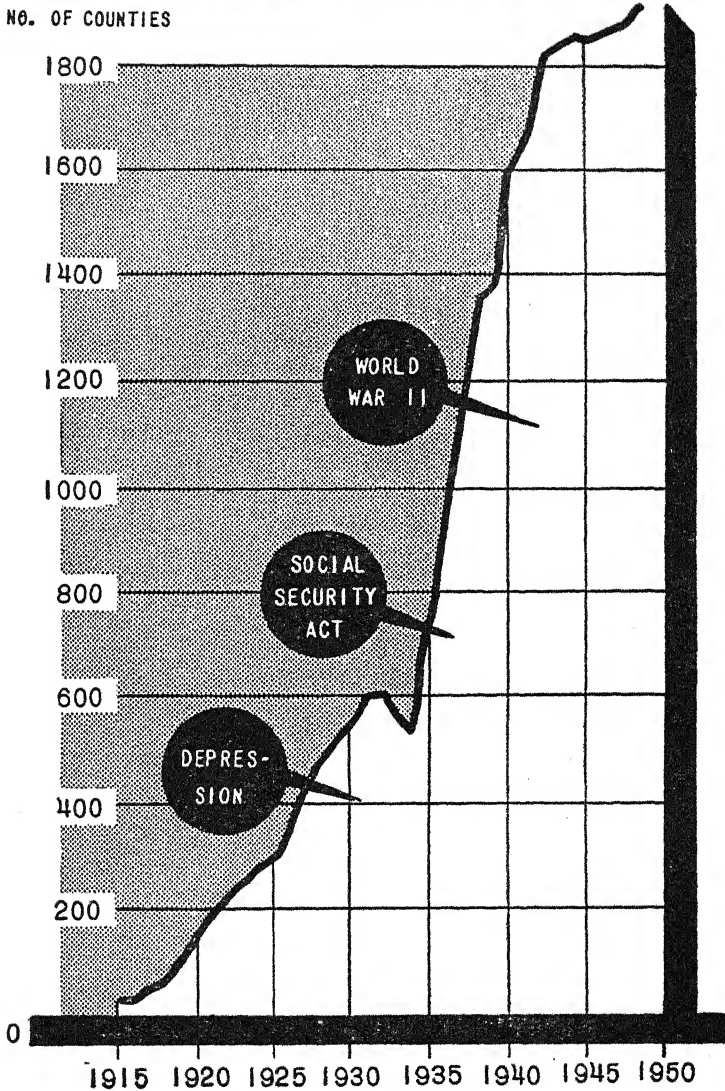
TABLE X.—Population residing in communities in which standard ordinances were in effect (1937 and 1946)

	1937	1946
Standard milk ordinance.....	17,000,000	27,000,000
Standard restaurant ordinance.....	43,000	40,000,000

## CHART VI

# COUNTIES SERVED BY FULL-TIME LOCAL HEALTH UNITS

NO. OF COUNTIES



SOURCE: U. S. P. H. S. Bureau of State Services



TABLE XI.—*Number of local health units (full-time) in operation in the United States: by years*

Year	Number of counties served	Year	Number of counties served
1915.....	14	1932.....	610
1916.....	17	1933.....	569
1917.....	30	1934.....	542
1918.....	44	1935.....	762
1919.....	76	1936.....	946
1920.....	138	1937.....	1,164
1921.....	186	1938.....	1,371
1922.....	211	1939.....	1,381
1923.....	237	1940.....	1,577
1924.....	278	1941.....	1,668
1925.....	316	1942.....	1,828
1926.....	347	1943.....	1,845
1927.....	426	1944.....	1,849
1928.....	476	1945.....	1,841
1929.....	519	1946.....	1,851
1930.....	553	1947.....	1,874
1931.....	610	1948.....	1,958

The local unit is the ultimate health service agency and without it all our ever-growing knowledge about health and disease would be of little practical use. When our entire population has available to it adequate local health services, then the framework of good health for all the people will have been established.

In table XII, below, are shown the percentages of population, in 1935 and 1946 who lived in areas served by full-time local health services. Grants-in-aid are largely responsible for this increase. Many relatively poor areas have been helped to achieve at least basic health services. Other communities required stimulation to help them mobilize their resources.

The establishment of local health units through the use of Federal funds is only part of the picture. The grants have stimulated improved quality of work and the development of new programs on a sound basis. Training of personnel has helped to raise the standards of program content and of administration in both State and local health units (table XIII, below, and chart VII, p. 163. Considerable research, also, both basic and applied, has been made possible through the grants-in-aid.

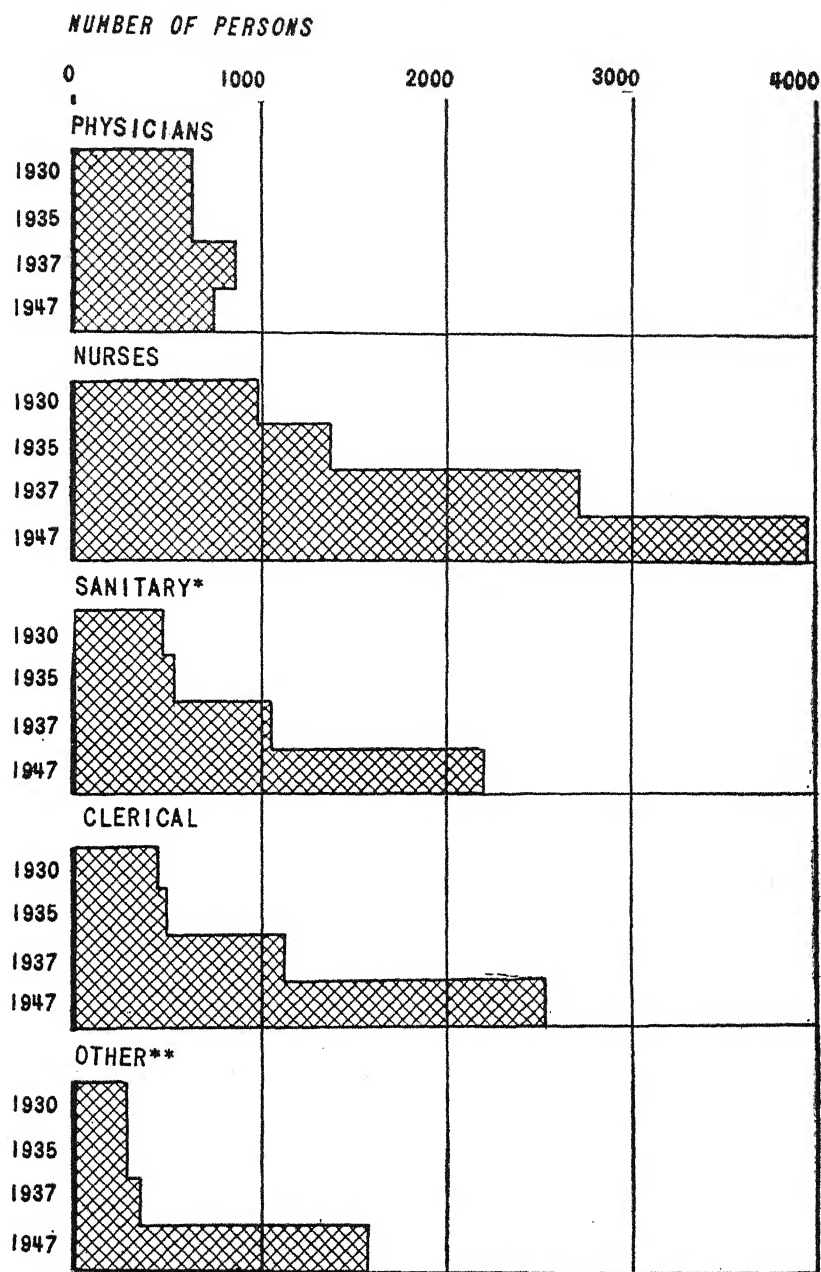
TABLE XII.—*Percentage of population residing in areas served by full-time local health units*

	1935	1946
Percent of total United States population.....	37	72

TABLE XIII.—*Full-time personnel in county health units for 4 selected years*

	Total	Physicians	Nurses	Sanitary	Clerical	Other
1930.....	2,955	575	1,066	518	534	262
1935.....	3,435	601	1,339	593	621	281
1937.....	6,154	862	2,763	1,073	1,111	345
1947.....	11,092	780	3,974	2,193	2,535	1,610

# CHART VII—Full-Time Workers in Local Health Units



\*Sanitary engineers and other personnel engaged in sanitation activities.

\*\*Laboratory technicians, nutritionists, veterinarians, dentists, health educators; etc.

TABLE XIV.—*Expenditures from all sources by State and local health departments exclusive of operating costs of hospitals and sanatoria as reported to Public Health Service for fiscal years 1937, 1940, and 1946*

Source of funds	Amount			Percentage		
	1937	1940	1946	1937	1940	1946
All sources.....	\$25,633,213	\$52,077,268	\$110,461,634	100.0	100.0	100.0
State government.....	7,536,031	15,471,813	28,964,335	29.4	29.7	26.2
Local government.....	6,370,208	15,904,304	49,885,242	24.9	30.5	45.1
Federal grants-in-aid:						
Public Health Service:						
General health.....	6,727,912	8,727,319	10,576,857	26.2	16.8	9.6
VD control.....		3,771,639	8,060,306		7.2	7.3
TB control.....			2,981,138			2.7
Children's Bureau:				45.7	39.8	28.7
Maternal and child health..	2,990,262	4,823,207	5,934,539	11.7	9.3	5.4
Crippled children.....	2,008,800	3,378,986	4,059,217	7.8	6.5	3.7

SOURCE.—1. Manuscript, "Ten Years of Grants in Aid for Public Health," Mountin, J. W.; Hankla, E. K., Druzina, G. B., U. S. Public Health Service. 2. Children's Bureau, Personal Communication, Katherine F. Lenroot, July 27, 1948.

NOTE.—The complete picture of health department expenditures cannot be precisely determined. In some instances, especially in earlier years, reports upon which the totals were based failed to include jurisdictions of activities unless expenditures involved funds allocated to the States from Federal sources. Figures given exclude the Territories and District of Columbia. Also excluded are some funds contributed by foundations and spent by health departments. Because of liquidation of encumbrances and encumbrances incurred and not liquidated, the figures do not entirely agree with those given elsewhere as Federal "payments to States." Children's Bureau figures represent "payments to States" and are as given by the Children's Bureau rather than as reported to the U. S. Public Health Service by States.

Participation by State and local communities with their own funds has helped promote understanding of public health in many parts of the country. The State and local financial participation has increased enormously between 1937 and 1946 (as shown in Table XIV, above), rising from less than 14 million to nearly 79 million in the respective years. Total governmental expenditures for public health (exclusive of medical care) at State and local levels rose from approximately 25 millions to 110 millions for the same years. The proportion of Federal funds in these totals dropped from 46 to 29 percent, indicating that the Federal grant program has served to increase State and local participation, both absolutely and relatively.

The grant-in-aid program has been responsible for progress in public health work. The quantity of services to the people has increased markedly, the quality of programs has definitely improved, human benefits in terms of better health have been achieved. There is reason to anticipate further progress.

## Recommendations

Grants-in-aid have been in existence almost as long as our Government, but the first important grant for health work appeared as part of the Social Security Act of 1935. Subsequently, a number of others were enacted and about a dozen are now in operation.

1. The laws setting up the several grants-in-aid are not uniform in their underlying philosophy as to the Federal-State relationship in public health administration. Some specifically state their purpose to be an "enabling" one, while others tend to emphasize operation by a Federal agency. Economy and efficiency call for clarification of this point. It is recommended that the Congress reexamine the laws which have set up grants-in-aid with a view toward codifying and unifying them. This would require a determination as to the role of the Federal health agency in the administration of public health; whether it is to be a supervisory agency with powers to control practices in the various States, or whether, at the other extreme, it is to be merely a dispensing agent with no authority to set even minimum standards. The best stand would be at an intermediate point instructing the Federal health agency to permit as much administrative autonomy in the States as possible, so that the latter may use the funds most effectively. The Federal agency on the other hand must be satisfied that the State has a plan for a program in which the funds are to be used, and that this plan is sound from the point of view of local needs, effectiveness of proposed procedures, and judicious use of the funds. Beyond this, the State health authority should be the determining factor in the administration of the program, so long as the approved plan is carried out.

2. The grants may be classified chiefly as pertaining either to a group of persons or to a disease. The trend in recent years has been to add categories as interest was aroused, and the continuation of this trend indefinitely will result in a further accumulation of heterogeneous laws, varied administrative practices, and deleterious effects on grantees and public. Each State has its own health problems with considerable variation from one State to another, and emphasis of attack must differ. Categorical grants tend to be too restrictive as regards determination of use by the State health authority. The granting of "block" funds to a State for all purposes combined, such as health, welfare, education, etc., is condemned as tending to foster political juggling of use of these funds. Any consolidation of categories should not go beyond a classification of grants for general health purposes as an extreme.

It is recommended that Congress reconsider the categorical versus the general approach in the promulgation of grant-in-aid programs. Fewer categories would increase the determinative powers of the State health authority, allowing him to concentrate more upon the public health problems which exist in that locality.

3. The responsibility for carrying out the provision of each act having to do with grants-in-aid is definitely placed, but with no uniformity. The Public Health Service carries most of the current programs and three categories are now outside of it. Though consolida-

tion is not now indicated, the three agencies involved should coordinate their grants-in-aid programs.

With several new acts, additional advisory councils have been set up, seemingly a top-heavy organization. Either with or without the categorical system, a general advisory council (with specialized consultant committees) would facilitate the administration of these programs. The use of the same council by the Children's Bureau and the Office of Vocational Rehabilitation would bring the programs of all three agencies closer together.

It is recommended that the Congress codify the laws which provide funds for grants-in-aid with a view towards unifying their provisions and their placing of administrative responsibility. The present categorical councils should be transferred into consultant committees to the National Advisory Health Council.

4. The funds in most of the programs are apportioned through the use of a formula which weighs: (a) Population, (b) financial need, and (c) extent of the problem. Others consider one or more of these factors, but not all of them. In one instance (dental) the entire matter is left up to a recommendation of the advisory council. Unification in this respect, whether or not the categorical system is retained, would clarify many issues.

It is recommended that the Congress review the modes of apportionment as written into the present acts and codify these provisions so that there is unification. Mode of apportionment on the basis of (a) population, (b) extent of the problem, (c) financial needs of a particular State, (d) such other factors as the advisory council may recommend, would be equitable and reasonable. Financial needs should receive more relative weight, in accordance with the basic philosophy of grants-in-aid.

5. The conditions that the recipient must meet in order to qualify for a grant vary from one act to another. Especially confusing is the requirement in some that the State match the funds, in others that they pay one-third, in others there is no mention of the proportion. Here, too, more rational provisions in the legislation are indicated.

It is recommended that Congress revise the acts with respect to the conditions that the recipients of grants must meet, in order to rationalize the requirements. It is recommended that these requirements be general rather than specific, and that the Surgeon General be required to consult with the State and Territorial health officers and with the National Advisory Health Council before he promulgates any regulations which govern the conditions which should be met by the States, and that the administrators of other programs consult analagous bodies.

6. Some acts specify that the State health authority shall administer a grant-in-aid program, some specify a State agency, others make no

specific requirement. In order that the standards of public health work be maintained, and even advanced, health work must be the responsibility of a group professionally qualified to do the job. The State health authority is the agency best qualified for this purpose, and the Federal Government, in the interest of raising standards, should foster the channeling of health grants-in-aid through it insofar as is possible.

It is recommended that all grants-in-aid relating to health work be administered within a State by the constituted health authority of that State. Merit system requirement should be a legal provision and not a regulatory one.

7. Within the Public Health Service, grants are administered by five divisions within the Bureau of State Services and by three divisions in other bureaus. In addition, two other grants operate within the Children's Bureau and one other in the Office of Special Services. Obviously this situation requires reorganization.

It is recommended that the Public Health Service reorganize its grant-in-aid functions in order to place the administration of these funds in one unit of the service, namely a grants division to be established in the Bureau of State Service, with the technical divisions acting in an advisory capacity. The Children's Bureau and Office of Vocational Rehabilitation should coordinate their grant-in-aid programs with those of the Public Health Service.

8. Rules and regulations define and interpret the terms used in the legislative acts. There is some diffusion here, but codification of the acts would lead to simplification of the regulations. The extent to which specific requirements are made of the recipients is nicely balanced and places most of the responsibility for planning and execution upon the State, where it belongs.

It is recommended that new rules and regulations be written in accordance with the content of any codification of existing laws on grants-in-aid or any consolidation of the responsibilities pertaining thereto. These new regulations should keep the same balance of responsibility between the Federal agency and the respective States.

9. District officers of the Public Health Service (and of the other two Federal agencies herein mentioned) act in an advisory and consultative capacity to State health (and other) agencies. There are, in their relationships, some aspects of the supervisory function, but this could and should be minimized as much as possible.

It is recommended that, with relation to the States, the consultative and advisory functions of the district offices should be emphasized and their supervisory functions minimized.

10. Grants-in-aid have been responsible for (a) an increase in the number of local health units; (b) coverage of a greater proportion of

the population with local health services; (c) the promotion of training and placing of larger numbers of well-qualified public health workers in positions where they could best serve the public; (d) the stimulation of interest in public health and the participation of State and local funds; (e) research, both basic and applied; etc.

In short, grants-in-aid have made possible the extension of more and better health services to the people. Further progress is anticipated.

It is recommended that grants-in-aid be considered to have evolved through the experimental phase, and recognized as a reasonable and just function of the Federal Government.

## FEDERAL FIELD OFFICES FOR PUBLIC HEALTH

Administration of grant-in-aid programs, technical consultation with State and local health departments, domestic interstate and foreign quarantine and other activities involving Federal-State relations and direct service demand decentralization in large operation such as those of the Federal Government. No attempt will be made at this point to describe the field organization of Federal agencies with secondary health activities, only those with primary public health responsibilities (all within the Federal Security Agency).

### PRESENT ORGANIZATION

The Public Health Service has maintained nine district offices located in New York, Richmond, Chicago, New Orleans, San Francisco, San Juan, Kansas City, Denver, and Dallas. Each of these offices has a district director representing the Surgeon General and various divisions and offices in carrying out the programs and policies of the Service in the States covered by the several districts; administering field activities of Federal-State cooperative programs and inspecting and facilitating work of field stations of the Service specialists representing divisional categorical programs (tuberculosis, venereal disease, hospital construction, cancer control, etc.) have been assigned to districts. All grant-in-aid requests channel through the districts, and other relationships with States are handled likewise.

The Children's Bureau field offices were amalgamated with those of the Social Security Administration July 16, 1946, at the time the Bureau was transferred from the Department of Labor. Offices were located in New York, Chicago, Kansas City, Denver, San Francisco, Dallas, Atlanta, and Washington. Responsibility is largely decentralized to the field staff in cooperative programs with States. The Division of Health Service endeavors to maintain a team in each region consisting of medical director, and consultants in nursing medical social work, nutrition, and administrative methods. There is a strong feeling in the Bureau that the "team approach" is of great importance and unceasing effort is made to represent the points of view of the various "disciplines" (professional groups) in all planning and relationships. The bureau representative in welfare has coordinate authority and responsibility with the regional medical director.

For the past year or two the Federal Security Administrator has recognized that coordination between field units of the Agency was lacking and a committee has studied various plans. When Congress



precipitated reorganization of the Social Security Administration in 1948, the time seemed ripe to overhaul the entire regional activities of the Agency.

The Association of State and Territorial Health Officers had also found great difficulty in working with the field offices of the Children's Bureau and the Public Health Service because of their different districts and separated offices, and on December 5, 1946, recommended that districts be made the same and offices be located in the same building wherever possible.

In July 1948 the Federal Security Administrator ordered the organization of 10 regional offices with headquarters in Boston, New York, Washington (may be moved to Richmond), Cleveland, Chicago, Atlanta, Kansas City, Dallas, Denver, and San Francisco. The regional directors are under civil service (CAF-15) except for one who is a commissioned officer in the Public Health Service. Their duties will be:

1. To represent the Federal Security Administrator in the region:
  - a. Carry out policies applicable to the Agency as a whole.
  - b. Direct broad public relations of the Agency in the region.
  - c. Provide appropriate management service to facilitate work and promote economy, including supervision of:
    - (1) Personnel practices.
    - (2) Provision and operation of office space. As soon as practicable under existing leases nearly all field offices of the Agency will be consolidated in each region.
    - (3) Purchasing.
    - (4) Staff assigned to him.
  - d. Maintain liaison with officials of public and private agencies in the region.
2. To exercise general administrative supervision over the principal representatives of the constituent organization of the Federal Security Agency stationed in or detailed to the region, including among other things:
  - a. Development of program priorities for the region.
  - b. Official staff contacts with representatives of States and other Federal agencies.
  - c. Travel.
  - d. Exercise leadership in developing integrated regional programs involving two or more constituent units.
  - e. Resolve differences between units in cases where reference to Washington is not required.

It is understood that principal representatives of Federal Security Agency constituent organizations retain responsibility for program

operations and the technical services of bureau staff assigned them, and that there is to be interposed no barrier to communication with technical bureaus in Washington. However, copies of correspondence even of technical nature will doubtless be submitted to the regional director and the degree of supervision over technical matters which he exercises will depend somewhat upon his own personality.

3. To maintain a general review of activities of the Agency not operating out of the regional office, especially in the field of public and intergovernmental relations.

The following constituent organization of the Federal Security Agency with operations involving important Federal-State relations will operate regionally with identical regional boundaries and as parts of the consolidated regional office: Children's Bureau; Bureau of State Services, Public Health Service (representatives will be assigned to Boston and Cleveland, not formerly established as district offices of the Public Health Service); Office of Vocational Rehabilitation; Bureau of Employment Security; and Bureau of Public Assistance.

The Office of Education with no regular field staff; the Bureau of Employees Compensation with activities concentrated in port cities; the Food and Drug Administration with three districts presently but which must coordinate its field work very closely with Washington, plus other FSA organizations will not be included in the regional office.

As yet, no director of field operations for the FSA has been provided, though coordination of routine operations will be handled by the field division (July 23, 1948 organization chart of FSA). The assistant administrator is taking responsibility for field operations at present.

On May 18, 1948, the Surgeon General of the Public Health Service appointed a committee on organization representing the various bureaus, and in a preliminary report certain recommendations are made regarding district office organization. The districts would become administratively responsible to the Bureau of State Services rather than the Surgeon General, since practically all the activities are in the Federal-States relations field. The staff would be composed primarily of general public health administrators rather than the specialized consultants in various fields. The latter would be assigned to demonstration projects, research and investigation centers, regional laboratories and training centers, hospitals, professional schools or detailed to the States. Thus the specialists would become specialists in fact rather than "by declaration" as has been the case not infrequently up to now, and would be available for consultation as needed, and prepared to give really useful technical assistance.

Under the proposed reorganization plan, grants-in-aid to States would be centralized under a grants division in the Bureau of State Services, quite comparable to the Division of Research Grants and Fellowships in the National Institute of Health, with administrative responsibility for all categorical grants as well as general health grants to States. Technical problems would be the province of the various technical divisions. The grants program would be the principal responsibility of the district offices; and close coordination with the Children's Bureau health grant program would be sought. This recommended reorganization is sound and should be carried out.

Closely connected with field services are the matters of fiscal and merit system audits of State grant-in-aid programs which have been conducted separately by the various constituent units of the FSA. The State and Territorial health officers have objected to the separate audits of the Children's Bureau and the Public Health Service and proposed that they be coordinated. Some action toward this end had been taken prior to June 21, 1948, when the Federal Security Administrator ordered that fiscal and merit system audits for the Agency be centralized under the Office of Federal-State Relations. This includes audits of the Public Health Service, Children's Bureau, Office of Education, Office of Vocational Rehabilitation, and the Bureaus of Public Assistance and Employment Security. In implementing this order, steps apparently are being taken to retain for the program bureaus sufficient voice in the audits to avoid interference in technical problems, which is important.

Financial savings will be made under his new audit plan, and State and local governments should find the consolidated scheme a great improvement over the previous system.

#### RECOMMENDATIONS

Proper organization of Federal field services is highly important in public health where a major Federal function is that of providing technical assistance and stimulation to State and local health departments. Decentralized authority and simple, clear-cut lines of communication are essential. It is quite possible to separate scientific competence from responsibility for the "housekeeping" aspects of office management, which the new FSA regional plan is intended to accomplish. It should also be possible to separate the work of specialist consultants from that of grant-in-aid administration, thereby broadening the vision of the administrator and sharpening the competence of the specialist; this is an objective of the Public Health Service Committee on Organization.

Probably the outstanding function of the Children's Bureau is that of presenting everlastingly and persistently the needs of the whole child in the field of health, welfare, and education. The "team" ap-

proach has been useful though representation of the field of education in the Bureau has been minimal. If individual persons could be found or trained who would be able to represent the whole child in the regional offices as do the chief and associate chief of the Bureau in Washington, it should be possible for the Bureau to do an even more effective job than at present. The "team" has certain obvious disadvantages when it comes to dealing with State and local people, which would not be true of an individual.

If field offices are to function effectively, sufficient travel funds must be provided to allow headquarters and field to maintain close liaison, and to permit field personnel to actually work with State and local governments. If travel money is adequate, the district office tends to operate behind an iron curtain with only the mail "air lift" as a channel for communication.

1. Decentralization of authority and simple lines of communication with the field should be constant objectives. The regional office plan of the FSA now being set up is generally sound and implements these aims.

2. Separation of "housekeeping" administrative responsibility and scientific activities is desirable in the regional offices. It should be possible under the new FSA plan.

3. Channels of communication between program bureaus in Washington and their representatives in the regional offices must be clear without the interposition of administrative checks by regional directors. This does not mean that the regional director should be frustrated in well-considered attempts to coordinate Agency programs and to integrate the health, welfare, and educational work of the Agency.

4. Specialists consultants in the health field should be available to regional offices, but assigned to duties enabling them to pursue their specialized work actively most of the time, rather than being stationed directly in the regional office. Recommendation of the Public Health Service Committee on Organization regarding district offices should be carried out; it should also be applied to the Children's Bureau.

5. Field representatives of the Children's Bureau should embody in the highest possible degree the coordinated approach to all the problems of children. A policy should be followed by placing a single individual conversant with the broadest possible range of childhood problems to represent the Children's Bureau in regional offices.

6. Centralization of fiscal and merit system audits by the FSA is thoroughly justifiable, but it is highly important that bureaus responsible for program operations retain opportunities to determine policy within their particular fields in matters involving professional judgment.

7. Adequate travel funds are essential to the efficient operation of field offices.

## THE VALUE OF PREVENTIVE MEDICINE

Activities within the field of health encompass a very broad range of services which include the promotion of health; prevention of disease and injury; diagnosis and alleviation of disease and injury once they have developed; and the rehabilitation of those with handicaps which could not be prevented by proper treatment. The field was a much narrower one before research made new techniques available, and before, through knowledge and action, the professional groups and the public were supplied with the fruits of research which could be translated into programs for action.

With medical care alone available a certain proportion of those seeking treatment could be cured, but the remainder continued round and round in a vicious circle. But in a balanced program, research at the center contributes constantly to knowledge and makes action possible. Numbers of potential patients are spared the effects of disease and injury through measures to promote health and prevent disease. Those who develop disease in spite of this can expect a higher percentage of cures than ever before. And a quite considerable proportion of those not cured may be rehabilitated and enabled to return to work. Only a relatively small proportion of the whole group fails to receive benefit from any of the health measures available and continues in the vicious circle.

Only with proper emphasis on all phases of the health program will it be possible to obtain the best results. It is essential that medical care programs and medical research conducted by the Federal Government be related closely to public health and preventive medicine activities. As research (basic, developmental, and administrative) makes new procedures available, they must be incorporated into the practice of public health and preventive medicine. The people must have knowledge of what is available and must be induced to take action necessary to secure for themselves the benefits of modern medical science. Thus an increasing part of their heavy burden may be taken from the members of the health team engaged in diagnosis and treatment of disease. As time goes on we may expect that more and more disease will become regarded as a result of failure to apply the knowledge we have, rather than the result of bad luck.

## Savings Through Prevention

It is extremely difficult at the moment to estimate accurately the amount of possible saving in the costs of illness that might be brought about by full use of all present knowledge of disease prevention. However, it is profitable to consider the question provided one realizes the difficulties and fallacies involved.

One cannot assign money value to health and productivity since there are intangible values which spur us to seek health even after age has made productivity unlikely. It is also unprofitable to attempt a complete separation of prevention and treatment since the one merges more or less imperceptibly into the other. The treatment of a case of syphilis in the communicable stage prevents transmission of the disease to others and at the same time reduces greatly the chances of late complications in the patient treated. The actual statistics necessary to study the problem adequately are also deficient, particularly the statistics of illness rates which are much less complete than those regarding deaths. We also do not have completely reliable figures on the actual costs of controlling disease to the irreducible minimum or even to any specified proportion of its present prevalence.

Certain of the costs of illness may be computed with reasonable accuracy, but others are found to be indefinite. There are the direct costs of doctors' bills, medicines and hospitalization, plus the loss of wages during illness and the loss of potential earning power through premature death. Then there are costs more difficult to compute such as the loss to industry of having machines idle and the reduced productivity of other workers hampered by absence of the man who is ill.

Various measures to reduce the losses are available. Immunization can be used to actually prevent cases of certain diseases such as diphtheria. Useful treatment measures will reduce deaths (penicillin in pneumonia) even though cases cannot be prevented. In other diseases (diabetes-insulin; pernicious anemia-liver, etc.) it is possible to reduce greatly the disability even though the disease itself continues. In other situations diagnosis in the early stages (tuberculosis, cancer) enormously improves the value of treatment. In still other cases the chain of disease spread from one individual to another may be broken by measures affecting the environment such as purification of water, proper disposal of sewage, pasteurization of milk, control of certain air-borne infections through measures to "sterilize" the air, and the control of insects which spread malaria, typhus, etc., by the use of D. D. T.

Current expenditures for medical care are estimated roughly as follows:

*Expenditures for medical care of civilians, United States, 1948, by billions of dollars.<sup>1</sup>*

	Billion dollars
Private individuals and organizations	6.5
Government:	
Federal	.6
State and Local	.9
Total	8.0

<sup>1</sup> Division of Public Health Methods, USPHS, personal communication.

The loss in output caused by disease and injury has been estimated as follows:

*Loss in output caused by disease and injury, United States, 1948, by billions of dollars<sup>1</sup>*

Loss in output due to:	
Temporary disability	5
Extended or permanent disability	11
Partial disability	11
	27

<sup>1</sup> Division of Public Health Methods, USPHS, personal communication.

There are additional costs due to loss of output not included in the estimate above, such as that of those not in the regular labor force, including housewives, and of those over 65 years of age.

Added together, the two sets of figures above give a total cost due to illness and injury of some 35 billion dollars. No attempt will be made to indicate how much of this amount could be saved if all known preventive measures were applied to the fullest possible extent, and if research were supported at the optimum level to make available new methods of prevention, health promotion, medical care and rehabilitation as rapidly as possible. Unquestionably the results would be astounding. Examples of what might be accomplished in specific fields will be given, and they may serve as a sort of index of the possibilities.

Employers who set up a good department of industrial medicine and safety can save its operating cost through improvement in operating efficiency of their plants due to reduced absenteeism from sickness and accidents. In addition, there is the clear gain to employees of the medical service received for sickness and injury occurring at the plant, plus the extra wages received due to their being able to spend more time on the job.<sup>28</sup>

Recently the National Association of Manufacturers asked about 2,000 plant operators what their savings were due to establishment of

<sup>28</sup> Brundage, D. K., an estimate of the monetary value to industry of plant medical and safety services, Pub. H. Re. 51: 1145-59 Aug. 21, 1936.

medical and safety departments. Essentially all reported that the project was a paying proposition, and the following average percentage reductions were reported:<sup>29</sup>

Reduction in occupational disease	62.8
Reduction in absenteeism	29.7
Reduction in compensation costs	28.8
Reduction in labor turnover	27.3

Preventive medicine for executives also pays dividends as shown by the experience of General Motors,<sup>30</sup> which instituted an annual diagnostic examination for its "key" men because of concern over the high toll of illness and death among this group. Thirty percent of those examined had medical conditions urgently in need of treatment.

These are but a few examples of what may be accomplished by an aggressive industrial health program. The strength of America lies to a great degree in its extraordinary productive power. Obviously, the Federal Government has a great interest in maintaining this power at its maximum, and is thoroughly justified in providing technical assistance necessary to help build up industrial health and safety programs.

### Programs by Diseases

#### CANCER

A very recent study from Connecticut shows much hope for reducing cancer deaths if cases are discovered and treated early, which is the basis of the cancer control program at present. (See Table XV, page 178.) In Connecticut, the educational program is showing results, for whereas only 16 percent of breast cancers in 1938 were treated without delay, this percentage rose to 46 percent in 1946.

As shown by the following table, a large proportion of cancers are fairly accessible for doctor's examination, and in this group—skin, mouth, breast, genitalia, etc.—the proportion of cases that may be cured is quite high if treatment is given before the cancer has spread. The outlook for females is even more optimistic than for males, more than a third of females being cured by early treatment, whereas a fourth of males may be saved. Were the very best methods now available used in all cancer cases, we might even anticipate an average cure rate of 55 percent for males and 64 percent for females.

If we apply these figures to the Nation's estimated population of 143,300,060 for 1948, the following simple table results:

<sup>29</sup> National Association of Manufacturers of the United States of America—Health on the production front, January 1944, and Industrial Health Practices, May 1941.

<sup>30</sup> Quoted from text of a radio talk prepared by the Statistical Bureau of the Metropolitan Life Insurance Co. and supplied through the courtesy of that organization.



*Results of various treatments for cancer (theoretical)—Number of five-year cures depending on type of treatment, and state of disease when treated*

	New cancer cases annually	Optimum care for all cases	Average type of care		
			Early	Moderate spread	Wide spread
Females.....	176,260	112,806	63,453	33,489	7,050
Males.....	157,630	86,697	39,408	14,187	1,576
Total.....	333,890	199,503	102,861	47,676	8,626

TABLE XV.—*Cancer, new cases annually and survival rate by site and sex, Connecticut*

Site of cancer	New cases annually per 100,000 population, 7-year average		Percent of new cases		Percentage of cases surviving five years by stage of disease on admission					
					Localized		Moderate spread		Wide spread	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Skin.....	23.5	17.3	12.1	7.8	39	48	21	29	3	0
Lip, mouth, larynx.....	20.7	3.7	10.7	1.7	31	28	13	18	1	0
Breast.....		62.6		28.3		45		22		3
Lungs and esophagus.....	18.7	4.2	9.6	1.9	4	4	2	0	0	0
Stomach, intestines, rectum.....	64.0	51.1	32.9	23.1	16	21	5	12	1	3
Genitalia.....	22.6	53.4	11.6	24.1	19	34	17	19	4	6
Other.....	44.9	28.9	23.1	13.1						
Total.....	<sup>1</sup> 194.4	<sup>1</sup> 221.2	100.0	100.0	<sup>2</sup> 25	<sup>2</sup> 36	9	19	1	4

<sup>1</sup> Dorn, H. F., *Illness from Cancer in the United States*, Reprint No. 2537, Public Health Reports, gives a cancer incidence rate of 246 for females and 220 for males.

<sup>2</sup> The same author (Dorn) in a recent personal communication estimates that if "the best known skills and techniques at present are made generally available and that cases are discovered at an early age so that the maximum benefits from treatment are available" we might expect "an average cure rate of 55 percent for males and 64 percent for females."

Source: MacDonald, E. J., *The Present Incidence and Survival Picture in Cancer and the Promise of Improved Prognosis*, Bull. Am. Coll. Surg., June 1943.

Thus employing the best possible care with full use of modern knowledge of the importance of reporting to the doctor early, skillful diagnosis and the best treatment, will expect to save the difference between the 199,503 survivors of this type of treatment and 102,861 survivors from average treatment in the early stages of cancer. There is a difference of 96,642 lives that might be saved if all had the best care now known (without waiting for results of research now under way or that we may be undertaking later). Contrasting the 102,861 survivors with early average treatment with the 8,626 that may be expected to survive with late treatment, we find a theoretical saving of 94,235; or if the two widest extremes of optimum treatment and late treatment are contrasted, there would be a saving of 190,877 lives each year!

While many cancers occur in older people, the percentage of cases under 50 years old in the Connecticut series was 20.1 for males and 33.8 for females.<sup>81</sup> The group under 60 years old made up 44.5 percent

<sup>81</sup> There are minor fallacies in applying the figures from Connecticut to the whole country because of difference in age distribution of population in the various States and certain other factors.

of the male cases and 59.7 percent of the females. One may conclude quite fairly that a very considerable number of productive years may be saved by the widespread application of known cancer-control methods. As research improves the results of treatment, the outlook will undoubtedly improve further.

## TUBERCULOSIS

The National Planning Association<sup>32</sup> has estimated the annual direct and indirect cost of tuberculosis to the Nation at 355.6 million dollars at 1943 standards. If we were willing to spend 387 million dollars each year (only 31.4 millions more than the amount we are already spending) for a 10-year period, it is estimated that the disease could be reduced to such a degree that only 37 million dollars a year would be needed thereafter to keep it well under control, contrasted with the actual annual direct cost of 174 million dollars. Thus, the annual saving which might be brought about by temporarily increasing expenditures for control would be 137 million dollars, plus some 181.6 million dollars which is the computed indirect cost due to loss of wages because of tuberculosis.

Some authorities question the possibility of eradicating tuberculosis, but there is general agreement that it could be reduced to a very low level through an active control campaign.

## SYPHILIS

Effects of the relatively intensive efforts to control syphilis which have been made in recent years (very largely due to stimulation and financial assistance provided by the Public Health Service) are already discernible in lowered death rates from the disease. This reduction is all the more significant because there has been a tendency to report more syphilis deaths as due to their real cause in recent years than formerly.

The reduction in total deaths amounts to about 27 percent, and in infant deaths due to syphilis there has been a 65-percent reduction.

The age at which syphilis deaths occur has become greater, which

*Syphilis mortality rate, United States, 1933-46<sup>1</sup>*

	Deaths per 100,000 population			Infant deaths per 1,000 live births
	Total	White	Nonwhite	
Average of 1943-45, inclusive.....	11.4	8.0	39.5	0.26
Average of 1933-35, inclusive.....	15.5	11.1	54.3	.74

<sup>1</sup> Kahn, H. A. and Iskrant, A. P., *Syphilis Mortality Analysis*, Jour. Venereal Dis. Inf. 29:193-200 July 1948.

<sup>32</sup> National Planning Association, Joint Subcommittee on Health, Good health is good business, February 1948.

means that even though death from syphilis may not be avoided in all cases, the life expectation of a person with syphilis is increasing. By combining the effect of the lowered syphilis death rate and the increased age at death, comparing 1933 with 1944 and using life tables of 1930 and 1945, and computing figures only up to age 65, there was an increased life expectancy of 91,600 years in 1944.

*Median age of white syphilis deaths, United States, 1935-1944*<sup>1</sup>

	Median age of persons dying from syphilis	
	Male	Female
1944 .....	57.2	54.4
1935 .....	52.8	49.0
Increase .....	4.4	5.4

<sup>1</sup> Kahn, H. A., and Iskrent, A. P., Syphilis Mortality Analysis, Jour. Venereal Dis. Inf. 29:193-200, July 1948.

## MALARIA

It is estimated<sup>33</sup> that there are at least 2 million cases of malaria annually in the United States, and that the disease costs the country 500 million dollars a year. During the last war intensive malaria control activities were carried on in areas around military camps at a cost of some 10 million dollars a year. The results were brilliant as shown in the accompanying chart, with a very much lower malaria rate among troops in the continental United States than was true during World War I. It is estimated that with 7 years of intensive effort, costing a total of 53 million, the disease could be virtually eradicated, and only about \$250,000 a year would be required thereafter to keep it under control.<sup>34</sup>

There would doubtless be valuable byproducts also from such malaria control. Recent experience with DDT control in Ceylon<sup>35</sup> has shown that, as the cases of malaria are reduced, there is a coincident drop in infant mortality. In one area over a 3-year period there was a drop from 818 to 158 malaria deaths per 100,000 population, accompanied by a fall in infant deaths from 239 to 145 per 1,000 live births.

## MATERNAL AND CHILD HEALTH

There seems no biologic reason why the maternal and infant mortality rates in the States with the best records could not prevail in the other States of this country as well. If proper public health and

<sup>33</sup> Williams, L. L., Jr., Economic importance of malaria control. Proc. 25th Annual Meeting, New Jersey Mosquito Extermination Association, pp. 148-151.

<sup>34</sup> Personal communication, Division Public Health Methods, USPHS.

<sup>35</sup> Abhayaratne, O. E. R., Infant mortality in Ceylon. Unpublished thesis for doctorate of public health, Harvard School of Public Health, 1948.

medical care were available; if housing, sanitation, nutrition, and general economic factors were favorable, such a situation would doubtless prevail. On the assumption that the infant mortality rate in Utah of 27.2 deaths per 1,000 live births in 1946 had prevailed elsewhere in the United States, 21,611 infant lives might have been saved. Had the maternal mortality rate of 0.9 per 1,000 live births in Connecticut and Minnesota in 1946 been that for the country as a whole, 2,127 mothers' lives would have been saved.

## Preventative Medicine in the Armed Forces

Probably no other large group has employed preventive measures appropriate to age and environmental conditions more effectively than the armed forces. A few examples will illustrate this fact.

### 1. Typhoid Fever Control

The increasing effectiveness of vaccine and sanitation in controlling typhoid and paratyphoid fevers is one of the most striking examples of what preventive medicine can accomplish. With no vaccination available during the Spanish-American War the typhoid-paratyphoid rate was approximately 300 times as great as during World War I. With constant improvement, the World War II rate was reduced to about one-seventh that experienced in World War I.

#### *Typhoid-paratyphoid and dysentery in U. S. Army, World War I and World War II*

[Rates per 1,000 men per year]

	Typhoid		Paratyphoid		Diarrhea and dysentery <sup>1</sup>	
	World War I	World War II	World War I	World War II	World War I	World War II
United States.....	0.24	0.007	0.01	0.006	17.8	9.1
Overseas.....	.53	.05	.09	.07	28.9	40
Total.....	.37	.03	.05	.03	22.4	21.4

<sup>1</sup> No vaccination applicable to this group. Diarrhea and dysentery rate was actually higher in the second world war than in the first, for overseas troops, many more of whom were in the tropics than during the first world war.

### 2. Tetanus Prevention

During World War II tetanus toxoid was used routinely, and the reduction in tetanus cases as compared with the first world war was nothing short of dramatic.

### 3. Smallpox—Effectiveness of Vaccination

Vaccination against smallpox was compulsory during the second world war, but this was not universal during World War I; the contrast is striking.

*Tetanus, U. S. Army, World War I and World War II*

	Admission for wounds and injuries	Cases of tetanus	Cases of tetanus per 100,000 wounds and injuries
World War I.....	523, 158	70	13.4
1920-1941 inclusive.....	580, 233	14	2.4
World War II.....	2, 734, 819	12	.44

*Smallpox cases, U. S. Army, World War I and World War II*

	Number of cases	
	World War I	World War II
United States.....	780	10
Overseas.....	73	106
Total.....	853	116

*4. Typhus (Epidemic Louse-Borne)*

Typhus was prevalent among civilians at one time or another in areas of Europe, Africa, and the Middle East in which troops were operating. However, less than 100 cases (all mild with no deaths) occurred in American troops due to vaccination against typhus and the use of DDT.

*5. Cholera*

This disease was present in epidemic form in many areas where troops were stationed, such as China, India, and Burma. Yet only 14 cases occurred in troops, 13 of these in China. Vaccination plus protection of food and water accounted for the saving of many lives.

*6. Plague*

Outbreaks of plague occurred among civilians in the Azores, New Caledonia, Egypt, Senegal, China, and India where troops were stationed. Due to control measures including vaccination, no cases occurred among American troops.

*7. Yellow Fever*

The effectiveness of yellow fever vaccination was well demonstrated prior to adoption by the Army. No cases occurred among American troops. There was no great exposure to this disease, however.

*8. Meningitis*

In addition to a very greatly reduced case fatality rate from meningitis, it proved possible to actually prevent the spread of the disease

among units of troops by giving sulfa drugs to reduce the carriers of meningococci. One report showed only two cases among 15,000 men, giving sulfadiazine as a preventive measure, while among 18,800 controls not receiving sulfa there were 40 cases during the same period. Both the treated and the control groups had essentially the same percentage of carriers in their group at the outset of the experiment.

## 9. Malaria

*Navy and Marine Corps.*—During 1941 the average monthly case rate per 1,000 per year was 1.2. In the first 9 months of 1942 the average was 3.7, but between November 1942 and June 1943 the range was from 31.2–49.4. Repressive drugs were available during this period, but enforcement of recommendations that they be used regularly were lax. As soon as enforcement became strict and general, the malaria rate dropped, running between 10.7–17.2 during October 1943–March 1944 and falling thereafter to a very much lower rate. The figures quoted are for Navy and Marine Corps as a whole; were they restricted to personnel actually in malarial areas they would be even more striking.

*Army.*—The Army figures on malaria within the continental United States during World War II are even more striking when compared with the World War I incidence of malaria.

## 10. Tuberculosis

Except in the early stages of World War II, candidates for induction into the armed forces were screened by X-rays to detect tuberculosis and nearly 150,000 cases eliminated at induction centers alone. Already this procedure has proved extremely profitable to the Federal Government in reducing the number of tuberculosis cases both in the armed forces and among veterans.

In testimony before a Senate committee in 1944, the Deputy Surgeon General of the Army stated that only 3 percent of wounded died of their wounds (tetanus toxoid, blood transfusions, sulfonamides, and penicillin, “preventive” surgical management). The over-all death rate from disease was given as 0.6 per 1,000 per year, which is much lower than the civilian rate for the same age group. Com-

*Tuberculosis in armed forces, World Wars I and II*

	Peak strength	Average admission rate for tuberculosis in forces (per 1,000)	Average annual mortality rate (Army) (per 100,000)	Average annual mortality rate—civilian corresponding age (per 100,000)	Tuberculosis—percent of all awards for disability
World War I.....	4,200,000	11.8	66	150	15.2 (1923)
World War II.....	14,361,000	1.0	7	48	1.5 (1947)

municable diseases such as smallpox, the typhoid fevers, typhus, yellow fever, etc., which are largely preventable by vaccination, were essentially unknown. Meningitis which had a case fatality rate of 38 percent in World War I showed a reduction to 4.2 percent with sulfonamides, and this was even lower with penicillin.

### Expectation of Life

Life-expectancy tables throw much light on public-health programs of the past and on future problems. Figures for the United States before 1900 not being available, comparable figures for Massachusetts beginning in 1850 are used to supplement those for the United States in table XVI, below. For the sake of simplicity consideration is restricted to white females. Other groups show similar trends.

#### *At Birth*

During the 40-year period 1850-90 life expectation at birth increased from 40.5 at an average rate of only 0.1 year per year to 44.5. In the next 20 years the rate of increase quadrupled to 0.43 year per year rising to 53.1 in 1910. In the 36-year period 1910-46 the rate of increase was about the same, being 0.46 year per year with an expectation of 70.3 years attained in 1946. The greater part of this remarkable increase during the last 50 years has been due to bringing most of the acute communicable diseases under control and to reduction in infant mortality (the Massachusetts infant-mortality rate in 1890 was 166.6; in 1946 it was 31.6).

A great deal of work remains to be done before it can be said that acute communicable diseases have been controlled even as well as we know how to control them at present, not to mention the future possibilities research may disclose. And there is still much room for reduction of infant deaths. In both of these fields, the law of diminishing

TABLE XVI.—*Expectation of life at birth and at age 50, by years—White females*

Massachusetts 1850-1910

	1850 <sup>1</sup>	1878-82 <sup>1</sup>	1890 <sup>1</sup>	1893-1897 <sup>1</sup>	1901 <sup>1</sup>	1910 <sup>1</sup>
Birth.....	40.5	43.5	44.5	46.6	49.4	53.1
Age 50.....		23.5	22.1	22.1	21.6	21.6

U. S. 1900-1946 (death registration area)

	1900-1902 <sup>2</sup>	1909-11 <sup>2</sup>	1919-21 <sup>2</sup>	1929-31 <sup>2</sup>	1939-41 <sup>2</sup>	1946 <sup>3</sup>
Birth.....	51.1	53.6	58.5	62.7	67.3	70.3
Age 50.....	21.9	21.7	23.1	23.4	24.7	26.0

<sup>1</sup> Metropolitan Life Insurance Co., Statistical Bulletin, December 1927.

<sup>2</sup> Greville, T. N. E., U. S. Tables and Actuarial Tables 1939-41, U. S. Government Printing Office, Washington, D. C.: 1946.

<sup>3</sup> National Office of Vital Statistics, news release, July 26, 1948.

returns will become operable, however, as soon as control measures are more uniformly applied in all areas of the country, especially the rural ones not now properly covered.

### *At Age of 50*

Between 1880 and 1900 there was actually a slight reduction (1.9 years) in expectation at age 50. But from 1900–1946 life expectation for the woman of 50 has slowly increased at an average rate of 0.09 years per year—interestingly enough, about the same rate of increase as was taking place for infants at birth prior to 1890.

This slight degree of improvement indicates that progress in controlling diseases characteristic of later life, such as most cases of heart and kidney disease, diabetes, cancer, etc., has been much slower than has been the case with “childhood” diseases. Obviously, there is a definite limit to how long life may be extended, but based on the experience of other countries three or four additional years expectation at age 50 is not unreasonable.

The need for research to provide better methods of controlling these “degenerative” diseases is enormous. Even so, we are by no means applying all our present knowledge and there is an enormous field for studies to develop the best administrative techniques for doing this.

### CAUSES OF DEATH

There is value in examining the major causes of death during the productive period of life (age 20–65) to learn what might be achieved if deaths from these causes could by some means be eliminated completely. While this is obviously impossible, we may nevertheless gain an idea of the relative importance of these causes which can serve as a guide in planning public health control measures as well as research. Table XVII, page 186, indicates that during 1945, 4,369,000 years of working life were lost from the 15 major causes of death at ages 20–64. If these causes were all eliminated 178,500,000 years of productive life up to age 65 would be added for white males alone in the United States; and the life expectancy at age 20 would rise from the 1945 figure of 39.85 years to 43.8.

Some of the most important causes of death during this age period are very definitely amenable to preventive measures now available. Certainly accidents may be prevented in large part; tuberculosis and syphilis may be controlled to a large extent. It is quite legitimate to assume that early treatment of the best quality now available would very materially reduce the deaths from cancer, diabetes, pneumonia, appendicitis, hernia, and intestinal obstruction. It is perhaps uncertain how much reduction in suicides and in peptic ulcers may be anticipated from applied mental hygiene, but it would doubtless be con-



TABLE XVII.—*Effects of eliminating important causes of deaths on life expectancy and increase in productive working years—White males, age 20–65*

15 major causes of death at ages 20–65	Lost years of working life, ages 20–64, on account of deaths in 1945 from specific causes	Increased years of working life, age 20 to age 65, based on 1945 experience and as increased through elimination of deaths from specific causes	Increased expectation of life to age 65 at age 20, based on 1945 experience and as increased through elimination of deaths from specific causes
Heart disease.....	1,033,000	58,000,000	1.20
Accidents.....	1,251,000	33,500,000	.81
Cancer.....	401,000	21,500,000	.45
Tuberculosis.....	373,000	17,000,000	.44
Nephritis.....	176,000	8,500,000	.19
Intracranial lesions.....	160,000	9,000,000	.18
Pneumonia and influenza.....	472,000	7,500,000	.17
Suicide.....	142,000	7,000,000	.17
Cirrhosis of liver.....	64,000	3,500,000	.07
Ulcers, stomach and duodenum.....	58,000	3,000,000	.07
Syphilis.....	61,000	3,000,000	.06
Diabetes.....	60,000	3,000,000	.06
Appendicitis.....	62,000	2,000,000	.04
Hernia and intestinal obstruction.....	44,000	1,500,000	.03
Biliary calculi, etc.....	12,000	500,000	.01
Total.....	4,369,000	178,500,000	3.95

Source: Lew, Edw. A., Metropolitan Life Insurance Co., personal communication.

*Possible increases in life expectancy through elimination of major causes of death at ages 20–65*

	Expectation factor	Possible increase
Diseases largely preventable (80 percent):		
Accidents.....	0.81	
Tuberculosis.....	.44	
Syphilis.....	.06	
Total.....	1.31	1.05
Material reduction possible (40 percent)		
Cancer.....	.45	
Pneumonia and influenza.....	.17	
Appendicitis.....	.04	
Hernia and obstruction.....	.03	
Diabetes.....	.06	
Total.....	.75	.3
Questionable reduction (25 percent):		
Suicide.....	.17	
Ulcer.....	.07	
Biliary calculi.....	.01	
Cirrhosis liver.....	.07	
Total.....	.32	.08
Little reduction possible (10 percent):		
Heart disease.....	1.2	
Nephritis.....	.19	
Intracranial lesions.....	.18	
Total.....	1.57	.16
Total.....	3.95	1.59

siderable. Not a great deal could be promised in diminishing deaths from heart disease, intracranial disease, and nephritis with our present knowledge, though it is quite reasonable to suppose that early diagnosis and careful treatment would produce measurable reductions.

It is then evident that with full use of modern knowledge and facilities we might confidently expect that the life expectation at age 20 up to age 65 could be increased by 1.59 years, and that 68.2 million years of working life would be added to the white male population in this age group.

Preventive medicine as applied to the individual and his family and public health as applied to the community are integral parts of a balanced health program. Other activities included are health promotion, medical care, and rehabilitation. All are supported by research and education. Only by support of all phases can the best and most economical results be achieved.

### **Recommendations**

1. Generous support of preventive measures and those which promote health will reduce the costs of medical care for disease and injury.

2. As the wards of the Federal Government comprise one-seventh of the total population, expenditure of Federal funds for general health promotion and disease prevention among the population as a whole will produce more than general health benefits for the Nation. Very considerable savings will result in the Federal Government's obligations to its own wards for medical care.

3. Very intensive preventive measures are financially justifiable for Federal wards. There is every reason to expect that expenditures for such measures will be repaid many times over by savings in medical care costs.



## Chapter III

# EXISTING FEDERAL HEALTH ACTIVITIES BY AGENCIES

### Federal Security Agency

The Federal Security Agency came into existence July 1, 1939, in accordance with the provisions of the Reorganization Acts of the same year (53 Stat. 561; 5 U. S. C. 133).<sup>1</sup> As set forth in its authorization, its purpose is to produce "social and economic security, educational opportunity, and the health of the citizens of the Nation." To carry out this broad purpose, the Federal Security Agency brought together and coordinated into the present framework four main operating branches: (1) Education; (2) Social Security Administration; (3) Office of Special Services; and (4) Health and Medical Care. All of these branches have some activities which are directly related to health and health protection as will appear in the body of the text.

The activities of the Federal Security Agency are under the direction and supervision of a Federal Security Administrator. The five agencies principally concerned with health in this agency are (1) Public Health Service, (2) Children's Bureau, (3) Division of Research and Statistics in the Office of the Commissioner of Social Security, (4) Office of Vocational Rehabilitation, and (5) Food and Drug Administration.

#### THE PUBLIC HEALTH SERVICE

The Public Health Service had its origin in an act of Congress, July 16, 1798, establishing the Marine Hospital Service for sick and disabled American seamen. Its broad powers and duties as now constituted are authorized in Public Health Service Act of 1944 and its amendments.<sup>2</sup> The principal function of the Public Health Service

<sup>1</sup> Additional groupings of Federal agencies operating in the field of health were accomplished in 1940 (reorganization plans 2 and 4). Again under the Reorganization Act of 1945 (59 Stat. 613; 5 U. S. C. 133 Y) plan 2, effective July 16, 1946, the Children's Bureau from the Department of Labor and the Division of Vital Statistics from the Bureau of Census were transferred to the Social Security Agency.

<sup>2</sup> Public Law 410 (58 Stat. 682) and amended by the National Mental Health Act of July 3, 1946 (60 Stat. 421; 42 U. S. C. 201), Public Law 487; Federal Hospital Survey and Construction Act of Aug. 13, 1946, Public Law 725; and Government Employees' Health Program, Public Law 658; etc.

is to safeguard the health of the people through its four services as established by Public Law 410: (a) The Office of Surgeon General; (b) National Institute of Health; (c) Bureau of Medical Services; and (d) Bureau of States Services, which are administered by the Surgeon General under the general direction and supervision of the Federal Security Administrator. In time of national emergency, the Surgeon General heads the Division of Commissioned Officers with the same title and provisions as the Surgeon General of the Army.

The principal functions and activities of the Public Health Service may be stated as follows:

1. *Communicable disease control—quarantine.*—Both maritime and interstate. This service is to protect the country from the importation of quarantinable diseases from abroad and to prevent the spread of diseases by means of interstate quarantine.

2. *Research.*—To find the causes of and means for the control and prevention of diseases.

3. *Regulatory functions.*—The control and supervision of biologic products.

4. *Medical care.*—The provision of general medical and dental services for those beneficiaries of the Government who are legally provided for in the act.

5. *Vital statistics.*—The collection and tabulation and trends in health statistics in the United States and territories.

6. *Dissemination of public health information.*

7. *Grants-in-aid* to assist State and local health agencies.

8. *International health.*

9. *Cooperation with other Federal, State, and local health agencies* in the discharge of their health duties through the assignment of public health personnel as advisors, etc.

10. *Hospital construction* in the fulfillment of the Hill-Burton Act.

11. *Commissioned officers* of Public Health Service constitute a mobile corps for special service in times of disaster.

12. *Environmental sanitation.*

### *Office of Surgeon General*

The primary function of the Office of the Surgeon General is the administration of the "internal affairs of the Public Health Service as contrasted with the administration of services to the public by other bureaus."<sup>3</sup> The Office is under the direct supervision of the Surgeon General, who, with the Deputy Surgeon General and execu-

<sup>3</sup> Compilation of Public Health Service Regulations, September 16, 1947.

tive officers with the "advice and assistance" of the general staff, directs and supervises the broad functions of the Public Health Service. This Office is principally concerned with the formulation of policies and the planning of health programs of national significance. Aside from its administrative functions, the Office conducts surveys and makes important analyses of fact-finding groups pertinent to the administrative activities of the Office. Here, the National Office of Vital Statistics (formerly of the Bureau of the Census) has the responsibility of collecting, tabulating, and analyzing the vital statistics of the United States and its territories and island possessions.

One of its important functions is the maintenance of cooperative relationships in the field of public health between the various agencies of the Government, Federal, State and local, and between the divisions of the Service. Furthermore, this Office includes the international health activities of the Office of International Health Relations as they are related to our Federal public health program. (See section on International Health, p. 100.)

The Sanitary Engineering Division of the Office develops definite patterns of cooperation with other Federal agencies doing sanitary work. It advises the Office of the Surgeon General regarding plans of environmental sanitation and formulates uniform policies for other agencies of the Public Health Service and for the Federal and State governments. The Division's operating program is chiefly concerned with (1) the technical supervision and consultant services that are given to Federal, State, and local health agencies, and (2) the establishment of standards and uniform sanitary engineering policies and programs. These functions are administered through six sections covering the sanitation problems of land, air, and water; transportation facilities; milk and foods; and a general sanitation section dealing with housing sanitation, bathing beaches, and garbage refuse disposal. See *Environmental Sanitation*, page 122.

The Dental Division, the Divisions of Nursing and of Public Health Methods likewise assist and advise the Surgeon General's Office on matters of policy and in the formation of public health programs. The Divisions of Dentistry and Nursing exercise general supervision over professional standards while the Division of Public Health Methods, through its specific activities of collecting and tabulating current statistics relating to problems of health and medical care, evaluates current procedure, and develops methods for meeting health needs.

*The Division of Commissioned Officers.*—Not a few Federal agencies operate health programs more or less incidental to their major activity. These health programs are concerned either with medical care or with public health. A mechanism has been devised and made effective (by law or by agreement) to provide the necessary technical personnel to carry on these services. Officers from the Commissioned

Corps of the Public Health Service are assigned on a lend-lease basis to other Federal agencies which in most cases reimburse the Public Health Service for their salaries. The following table shows their assignments as of August 31, 1948. (See table XVIII below.)

This procedure centralizes recruiting of medical personnel in the Public Health Service and makes rotation of duty possible. It also provides individuals with public health experience who are able to utilize the broad facilities of the Public Health Service to better advantage than individuals who have not had this background.

During and after the past war, officers were assigned to the Army and to the Health Division of the United Nations Relief and Rehabilitation Administration in various parts of the world. This arrangement worked admirably.

Personnel assigned by the PHS should be chosen for assignment to other Federal agencies on the basis of their training, experience, and personal qualifications for this particular assignment, so that their special knowledge and techniques of public health methods may apply more effectively to this assignment.

TABLE XVIII.—*Federal Security Agency, Public Health Service, Public Health Service commissioned officers detailed to other agencies, Aug. 31, 1948*

	Total	Medical	Dental	Sanitary engineer	Nurse officer	Scientist
Details from Public Health Service .....	208	122	59	3	23	1
Details from Office of Surgeon General .....	13	10		3		
State Department .....	4	3		1		
Pan American Sanitary Bureau .....	6	5		1		
National Security Resources Board .....	2	1		1		
FSA regional director .....	1	1				
Details from Bureau of Medical Services .....	192	109	59		23	1
U. S. Coast Guard .....	71	29	34		7	1
U. S. Maritime Commission .....	18	9	8		1	
Bureau of Prisons .....	77	47	16		14	
Bureau of Indian Affairs .....	12	10	1		1	
Bureau of Employees' Compensation .....	5	5				
Office of Vocational Rehabilitation .....	4	4				
Agriculture Department (Animal Industry) .....	1	1				
State Department (Foreign Service) .....	1	1				
Coast and Geodetic Survey .....	2	2				
Bureau of Old Age and Survivors' Insurance .....	1	1				
Details from Bureau of State Services .....	3	3				
Farmers Home Administration .....	1	1				
Philippine Government .....	2	2				

In the past the uncertain tenure of service, frequently short, has prevented these officers from becoming an integral part of the agency to which they have been assigned. Their knowledge and skills have not had an opportunity to be given full play, nor have they had the personal satisfaction of planning and developing a program. They

should remain in an agency long enough to permit them to become an integral part of the agency.

*Office of Personnel, PHS.*—The Office of Personnel in the Surgeon General's Office is concerned with the recruitment, classification, placement, and training of the civilian employees and commissioned officers of the Public Health Service. Table XIX, below, shows the total personnel for the Public Health Service broken down by agencies.

TABLE XIX.—*Civilian personnel employed by Public Health Service by organization as of June 30, 1937*

	Total	Civilian	Commissioned
Public Health Service, grand total.....	16,818	14,964	1,854
Office of the Surgeon General, total.....	1,298	1,189	109
Immediate Office of the Surgeon General.....	23	18	5
Office of Personnel.....	104	104	0
Office of the Chief Clerk.....	89	89	0
Office of Purchase and Supply.....	70	68	2
Budget and Fiscal Office.....	188	188	0
Division of Commissioned Officers.....	63	54	9
Dental Division.....	12	9	3
Division of Nursing.....	109	95	14
Division of Public Health Methods.....	185	180	5
Sanitary Engineering Division.....	155	100	55
Office of International Health Relations.....	39	23	16
National Office of Vital Statistics.....	251	261	0
Bureau of Medical Services, total.....	9,791	8,769	1,022
Office of the Chief.....	15	13	2
Foreign Quarantine Division.....	695	642	53
Mental Hygiene Division.....	995	908	88
Federal Employee Health Division.....	39	9	30
Hospital Division.....	6,960	6,268	692
Freedmen's Hospital.....	501	501	0
Federal Penal Service.....	420	345	75
Coast Guard.....	149	83	66
U. S. Maritime Commission.....	16	0	16
Bureau of State Services, total.....	4,381	3,881	500
Office of the Chief.....	103	102	1
Office of Health Education.....	9	9	0
Division of Hospital Facilities.....	182	167	15
Industrial Hygiene Division.....	70	34	36
States Relations Division.....	2,095	1,853	242
Tuberculosis Control Division.....	327	236	91
Venereal Disease Division.....	767	663	104
USPHS District Offices.....	196	187	9
Philippine Rehabilitation.....	632	630	2
National Institutes of Health, total.....	1,235	1,125	110
Office of the Chief.....	340	337	3
Division of Infectious Diseases.....	228	201	27
Division of Physiology.....	112	92	20
Biologics Control Laboratory.....	24	18	6
Chemistry Laboratory.....	16	16	0
Pathology Laboratory.....	33	24	9
Division of Tropical Diseases.....	61	46	15
Industrial Hygiene Research Laboratory.....	108	93	15
Research Grants Division.....	62	59	3
National Cancer Institute.....	251	239	12
Details to other Government Agencies, total.....	113	0	113
From Office of Surgeon General.....	54	0	54
From Bureau of Medical Services.....	23	0	23
From Bureau of State Services.....	35	0	35
From NIH.....	1	0	1

<sup>1</sup> Includes 906 part-time employees, many of whom were not on duty June 30, but who worked at least 1 day during the month.

<sup>2</sup> Does not include 4,588 "WOC's" who worked intermittently without compensation.



*Recommendations.*—In our earlier attempts to assign the public health activities of the Federal Government to a single agency the functions of the Public Health Service were related solely to sanitation and the prevention of disease. Public health problems were attacked in the belief that the absence of disease and infirmity connoted health. Little was known about the social and mental factors involved in the health of the individual and his community. Today we define health as “a state of physical, mental, and social well-being.” This concept of health has been developed on the basis of our expanding knowledge in such fields as psychosomatic medicine, nutrition, etc.

Various agencies of the Federal Government have implemented their services with those directly or indirectly related to health. These health activities were started independently of the Public Health Service. They operate in agencies of government where they are related to the basic functions of the agency, such as in Agriculture, Education, Indian Affairs, etc. To isolate these health activities from their parent agency would rob them of their effectiveness. They serve health better where they are now placed.

In accordance with this modern concept of positive health, the activities of the Public Health Service are closely related to the activities of the other bureaus of the Federal Security Agency which operate in the broad social and educational fields of welfare.

If the Government decides to depend primarily on departmentalization to achieve coordination of the programs of these several agencies, the Public Health Service is properly placed in the Federal Security Agency. Proposals for an independent department of health should be considered only in the event that the Government establishes an effective central agency of overhead administration directly under the President to obtain coordination of programs that extend across departmental lines.

### *The National Institutes of Health*

The National Institutes of Health are the research divisions of the Public Health Service. Their broad programs of research in all aspects of the medical and public health problems are related to the causes, spread, diagnosis, treatment, and prevention of disease. The Divisions of Infectious Diseases and Tropical Diseases are chiefly concerned with research in these fields. In the Division of Physiology, the fundamental problems of cell functions and the biochemical processes in diseases are studied. In the Pathology Laboratories, diagnostic services are given to the various hospitals of the Public Health Service as well as to the Coast Guard, Bureau of Mines, Office of Indian Affairs, Maritime Training Stations, and other Government agencies. The laboratories also conduct fundamental research in human pathol-

ogy and in the use of radioactive isotopes as tracers in its studies on the mechanism of immunity and cellular physiology.

The National Cancer Institute conducts and sponsors studies related to the causes, treatment, and prevention of cancer. It also provides fellowships for research, administers a special program of grants-in-aid for field studies, and finances assistance for physicians desiring special preparation in the treatment and control of cancer.

Through the Biologics Control Laboratory, the Public Health Service insures safe and standard biologic products such as serums, toxins, vaccines, and arsenicals. The regulatory functions of Public Health Service rest with the National Institute of Health for the enforcement of the National Biologics Law. Licenses for the manufacture of biological products are issued by the Federal Security Administrator under regulations made jointly by the Public Health Service and the Army and Navy.

The National Institute of Health administers through its Research Grant Division grants-in-aid for research in medical sciences. (See section on grants-in-aid in public health, p. 148.) Through this provision the Institute provides financial assistance to public and private institutions and individual investigators. The National Advisory Councils on Health, Cancer, Mental Health, and Heart recommend and certify applications for aid. The National Institute of Health also provides for fellowships for medical research investigation. During 1947, 333 grants were made representing a total of \$3,027,012.33 paid to research investigators in 81 different institutions located in 26 States and the District of Columbia.<sup>4</sup>

Two additional research divisions, that of chemistry and that of physical biology—formerly the Industrial Hygiene Research Laboratory—contribute scientific knowledge for the promotion of public health. The Division of Chemistry is primarily concerned in the field of organic and biochemistry as applied to public health. In the Laboratory of Physical Biology, basic research problems as applied to health hazards in industry are investigated. The research of this laboratory has application to the “effects of radiation on normal cell structure and metabolism as well as fundamental research in biological chemistry and physics.”

A complete statement of the research activities of the National Institute of Health with specific recommendations are given elsewhere in this report.

### *The Bureau of Medical Services*

The Bureau of Medical Services is divided into seven subdivisions, six of which are definitely concerned with medical facilities and

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<sup>4</sup> Annual report, U. S. P. H. S. (1947), p. 319.

medical care. They are: Hospital Division; Freedmen's Hospital; Mental Hygiene Division, which operates hospitals for the mentally ill of Federal employees, Federal prisons, and hospitals for drug addicts; Federal Employees' Health Division; medical care for Federal Security Agency personnel; and medical care in other agencies. These services are reviewed by the Committee on Medical Services. Aside from the medical services conducted by the Mental Hygiene Division, a program of research on the causes, prevention, and treatment of mental and nervous diseases is carried forward. The division allots grants-in-aid for research to public and private institutions and to individual investigators. It also gives financial assistance to institutions for training of personnel and grants-in-aid to States for community mental health services. These provisions were made possible by the National Health Act, Public Law 487, approved July 3, 1946. (See section on mental hygiene, p. 135.)

The Foreign Quarantine Division, Bureau of Medical Services, operates under the following act:

The Quarantine Act of February 15, 1893 (27 Stat. L 449) is still in force. It gives authority for all domestic and marine quarantine regulations. (Now Public Health Law 410, pt. 8, sec. 361-369.) This law states that "it shall be unlawful for any merchant ship or other vessel from any foreign port or place to enter any port of the United States except in accordance with the provisions of this act and with such rules and regulations of State and municipal authorities as may be made in pursuance of or consistent with this act."

For details see section on quarantine under International Health, page 106.

### *Bureau of State Services*

Administration of the Federal-State cooperative health program and operation of Public Health Service activities which complement and strengthen that program, are the major responsibilities of the Bureau of State Services. Grants-in-aid to States for general public health work, venereal disease control, tuberculosis control, industrial hygiene, and hospital and health center construction are handled entirely by the Bureau. Grants for cancer control and mental health are joint responsibilities with the National Cancer Institute and the Mental Hygiene Division, Bureau of Medical Services. Plans for grants for dental health and for the heart program are just getting under way and will likely be organized as joint responsibilities with the Office of Dentistry, (Office of the Surgeon General) and the National Heart Institute. (See recommendations of this report regarding grant-in-aid administration and reorganization of the Bureau of State Services, pages 52 and 148.)

Interstate quarantine and certain emergency health and sanitation

activities (Philippine Rehabilitation, Alaska Sanitation and Health Program) are also Bureau activities.

The Bureau carries on developmental and administrative research which is designed to strengthen and improve the Nation's public health practice. Some training, especially of technicians, is done directly at the Communicable Disease Center, Atlanta; and the whole field training of public health workers of all types is an important interest.

The component divisions of the Bureau are:

1. Office of Administrative Management.
2. States Relations Division.
3. Venereal Disease Division.
4. Tuberculosis Control Division.
5. Industrial Hygiene Division.
6. Hospital Facilities Division.
7. Office of Health Education.
8. Office of Public Health Nursing.
9. Communicable Disease Center.

Much of the Federal-State program administration is decentralized to the district offices where specialists in hospitals, tuberculosis, venereal disease, cancer control, health education, and the like are assigned to provide consultation service to States and to actually administer major aspects of the work for their respective divisions. Real criticism of these specialists has been made, and some of it is justified, that they are not all sufficiently trained and qualified to consult with men who have worked for years in these special fields. They are rather specialists by declaration. Only qualified specialists should be so employed.

*Office of Administrative Management.*—This office directs and coordinates business activities of the Bureau and its constituent divisions and offices, including budget and finance, grants-in-aid, personnel, contracts, procurement, organization, and administrative procedures.

With the recent transfer of fiscal and merit system audit of grant-in-aid program to the Federal-State Relations Office of the FSA, the Bureau of State Services is no longer responsible for this function.

*States Relations Division.*—This division, the general public health practitioner of the Bureau, administers the general health grants-in-aid and supervises the technical training of public-health personnel employed by State and local agencies.

Demonstration programs are carried on in cooperation with selected health departments and other agencies to explore and perfect new disease-control techniques, and to train health workers. Current demonstrations are conducted to determine the best methods of apply-

ing fluoride to prevent dental caries; evaluating heart-disease diagnostic apparatus and developing a public-health heart-disease control program; developing similar diagnostic and control plans for diabetes; studying the nutritional status of population groups and for record keeping in health departments.

The development of full-time, well-balanced local health units is promoted. Public-health surveys are planned. Annual conference of State and Territorial health officers, which is advisory to the Surgeon General, is set up in this Division.

*Funds for general health, Public Health Service*

[In thousands of dollars]

Year	Total	Grants-in-aid	Direct expenditure by PHS for research, demonstrations, administration, etc., complementary to grants-in-aid
1948.....	\$21,405	\$11,217	<sup>1</sup> \$10,180
1947.....	22,260	11,750	<sup>1</sup> 10,510
1946.....	13,478	11,000	2,478
1945.....	12,640	11,614	1,026
1944.....	12,426	11,454	972
1943.....	11,479	11,027	452
1942.....	12,005	11,500	505
1941.....	11,764	11,222	542
1940.....	10,166	9,723	443
1939.....	8,602	8,208	394
1938.....	9,510	9,117	393
1937.....	9,276	8,882	394
1936.....	3,711	3,333	378

<sup>1</sup> Includes funds for operation of Communicable Disease Center.

*Venereal Disease Control Division.*—From the period following World War I to 1939 when the venereal disease grant program was reestablished, this Division was relatively inactive. Since 1939 an extensive program has been fostered, with particular emphasis during the recent war when cooperation with the armed forces was quite close. The director represents the Federal Security Agency on the Interdepartmental Committee on Venereal Disease, with representatives from the Veterans' Administration, the Navy, Army, Air Force, State Department, and the American Social Hygiene Association. This committee is responsible for an 8-point agreement which helped to clarify responsibility of agencies concerned with the venereal-disease problem.

State grants-in-aid for venereal-disease control and the Rapid Treatment Center program are administered by the Division. A strong developmental research program is carried on.

Unlike the other Divisions, this one until recently conducted its own health-education program rather than using services of the Office of Health Education. The reason was given that the field was a new

one which required special experimentation; the reasons, however, seem rather inadequate.

*Funds for venereal disease control (including rapid treatment centers)*

(In thousands of dollars)

Year	Total	Grants-in-aid	Direct expenditure by PHS. for research, demonstrations, administration, etc., complementary to grants-in-aid
1948.....	\$16,217	\$13,954	\$2,263
1947.....	17,508	15,446	2,062
1946.....	15,525	12,522	2,003
1945.....	14,983	12,247	2,736
1944.....	12,735	10,276	2,459
1943.....	12,497	10,170	2,327
1942.....	8,750	7,817	933
1941.....	6,200	5,672	528
1940.....	5,046	4,379	667
1939.....	3,157	2,400	757
1938.....	168		168
1937.....	142		142

*Tuberculosis Control Division.*—The diagnosis, prognosis, treatment, control, and prevention of tuberculosis are the concern of this Division, particularly as they are related to State and local programs. Operations are conducted through four offices:

1. Office of administration: Responsible for administrative policies and procedures, budgets, personnel, scientific publications and information, statistical and other reporting.

2. Office of State aid: Provides medical, public health nursing, and medical social service consultation and personnel to State and local health departments. Reviews State plans for grants-in-aid for tuberculosis work, and recommends approval or modification.

3. Office of radiology: Investigates problems related to X-ray equipment and materials, trains technicians, and works with communities in conducting mass X-ray case finding surveys.

4. Office of field studies: Conducts and subsidizes field research concerned with immunization against tuberculosis, diagnosis in early stages of the disease, new methods of treatment, fungus infections related to tuberculosis, and related problems.

Close liaison is maintained between this Division and the armed forces, Veterans' Administration, Office of Indian Affairs, Bureau of Prisons, the National Tuberculosis Association, and other voluntary agencies and professional societies.

The tuberculosis grant-in-aid program began in 1944 and has expanded rapidly with major emphasis on case finding. There has been

some criticism of this very great emphasis, in that demonstrations of a general program of tuberculosis control might have been more effective in the long run. One must admit, however, that large numbers of people have been reached by the case-finding program within a comparatively brief period. No funds are available for medical care of patients. This is an expensive portion of the total control program, and one which may well be left largely to State and local communities for the present except for legal beneficiaries of the Federal Government.

*Funds for tuberculosis control, Public Health Service*

[In thousands of dollars]

	1944	1945	1946	1947	1948
Total .....	\$231	\$2,347	\$6,486	\$8,441	\$8,342
Grants-in-aid .....		1,370	5,200	6,880	6,790
Direct expenditure by PHS for research demonstrations, administration, etc., complementary to grants-in-aid .....	231	977	1,286	1,561	1,553

*The Industrial Hygiene Division.*—Under the general provisions of Public Health Law 410 (78th Cong. sec. 314), Grants and Services to States, the Division of Industrial Hygiene functions as follows:

This Division supervises the industrial hygiene phases of the total Federal-State cooperative health program, with special reference to the control of occupational diseases and the promotion of health among industrial workers. It provides consultant services and technical aid to the States, especially to State industrial hygiene units, as well as to industrial establishments and labor organizations. It sponsors and promotes the establishment and maintenance of industrial hygiene service in State governments.

Thirty-two Public Health Service surgeons, engineers, sanitarians, and nurses are assigned to this Division from the Office of the Surgeon General. Its services includes:

Surveys of industrial hygiene problems within particular areas or industries; laboratory analysis of substances believed to be hazardous; investigation of occupational disease outbreaks, especially of occupational dermatose to determine the causes and to recommend methods for the elimination of control of the hazards, collection, analysis, and publication of occupational morbidity and mortality statistics. The several units of the Division deal with, and offer technical assistance in, the various elements of an industrial hygiene program, as: medical, engineering, and chemical control of hazards; industrial dentistry and nursing; morbidity records and reports.

The activities of this Division are discussed under the section on industrial hygiene, page 85.

*Hospital Facilities Division.*—This Division was established to implement the Hill-Burton Hospital Survey and Construction Act, 1946. Provision was made for each State to survey its needs for hospitals of various types and for health centers, and to develop a coordinated plan for future construction and for regional integration of the facilities.

The job involves complicated studies of community medical care needs, resources and the development of standards to insure full utilization of best modern practices in the design and construction of the buildings. The communities themselves actually make the contracts, so that Federal participation involves paying one-third of the cost and seeing that standards are followed. Since the program is not one of Federal construction, the Federal Works Agency was not brought in.

Operations are carried on through five offices:

1. Office of Administrative Management: Responsible for fiscal, personnel and general administrative services.

2. Office of Special Services: Long-range planning and educational activities.

3. Office of Program Operations: Handles project applications, legal work, expediting, etc.

4. Office of Technical Services: Staff of architects and engineers which reviews plans and specifications and studies problems of hospital construction.

5. Office of Hospital Services: Studies problems related to construction and efficient operation, the standpoints of professional care of patients and the business administration of hospitals.

In the district offices of the Public Health Service, the Division assigns a physician, a "hospital representative," an architect, and engineer. In areas where private hospital architects are few or non-existent, it has been necessary to provide a more elaborate district organization than in other sections.

*Funds for hospital facilities, Public Health Service*

[In thousands of dollars]

	1947	1948
Total.....	1, 079	7, 324
Grants.....	371	6, 396
Direct expenditure by Public Health Service for research, demonstrations, administration, etc., complementary to grants-in-aid.....	708	928

The program provides no Federal funds for hospital operation. These must come from the community. Much of the new construction fortunately is at present in rural areas and smaller towns where the



need is greatest. Many places are able to secure funds for hospital operations during boom times which may not be available in periods of financial stringency. This is something which the Federal Government may have to face in the future.

The States' interest in the hospital program is well envisaged by the fact that to date all, or 53, States and Territories have conducted surveys, and all of except 3 have applied for planning funds. A total of 6 hospitals have been completed under the plan and 92 are now in the process of construction. These additional hospitals will provide 5,666 beds at a cost of \$41,097,000. Of the 92 hospitals, 58 are general hospitals with 2,807 beds; 7 mental hospitals with 859 beds; 2 tuberculosis hospitals with 900 beds, including the 800-bed hospital in Puerto Rico; 15 public health centers; and 10 adjunct services such as laboratories, etc.

As of September 9, 1948, 369 applications, including the 92 above, have been approved at a total cost of \$200,132,000 of which approximately 31 percent will be met by the Federal Government.

*Office of Health Education.*—The office assists States and local communities in carrying out their health education programs. Recruitment and training of personnel is provided for. In addition, health education personnel is assigned to operating divisions of the Public Health Service, as the Tuberculosis Division, Diabetes Control Demonstration, and Heart Disease Demonstrations. This personnel advises the directors of these divisions on the educational aspects of their activities and assists in carrying out the communities' health program. The health education specialist of the United States Office of Education is appointed to the staff of the Office of Health Education in the Public Health Service and, in turn, the director of this Office has a similar appointment in the Office of Education, in order to assure coordination of their health education activities and to avoid overlapping of services. The Office of Health Education also assists foreign countries in the promotion of health educational programs.

The Department of Agriculture is also developing health specialists to work with rural people. Close working relationships are maintained between the two agencies in the training program.

For detailed statement, see special report on health education, page 126.

*Office of Public Health Nursing.*—The activities of this office are chiefly given over to the general supervision of public health nurses of the Bureau of State Services and to the recruitment, selection, and assignment of nursing personnel. The Office conducts the annual census of public health nursing, determines the number of vacancies in nursing positions available and advises, as far as practicable, the placement of nurses within the public health services and in other health agencies.

*Communicable Disease Center.*—Assists State and local health authorities in their communicable disease control problems, especially those spread by animals and insects. Practical control methods are evaluated, such as the uses of DDT; control equipment is studied and developed. Teams of experts with mobile equipment are available to investigate disease outbreaks when requests for such assistance come from the States.

Field training is provided for public health personnel. Audio-visual aids are produced for training purposes at the Center and in other educational programs. As an example, film strips are now being produced for use in preventive medicine courses.

### *Obligations*

The total obligations of the Public Health Service are given for the years 1940, 1947, and 1948 in tables XX, XXI, and XXII, pages 204, 205, and 206.

The total obligations reported for the fiscal years 1940, 1947, and 1948 agree with obligations shown in the printed Budget (1942 Budget for 1940 data, 1949 Budget for 1947 and 1948 data), with certain adjustments in 1948 for reserves, estimated savings, and deferred obligations. The detailed break-down of obligations by division and function is based on estimates in those cases, in which obligations data are not maintained on this basis.

The break-downs are shown under the nine major categories important in carrying on the health activities of the Public Health Service. The comparison of 1940 obligations with those for 1947 and 1948 is difficult to evaluate:

Because of changes in organization and organizational responsibility which have taken place since 1940. Where a division in existence in 1940 has continued with a change in name during the years intervening between 1940 and 1947, obligations for 1940 have been reported under the new name. An example is the States Relations Division, which was formerly known as the Division of Domestic Quarantine. Where a division has been newly created since 1940 and the functions assigned to it were performed elsewhere in 1940, the obligations for that year have been reported under the division which at that time was responsible for those functions. An example is the function of medical care in penal institutions, for which the Division of Mental Hygiene was responsible in 1940 but which came under the general supervision of the Bureau of Medical Services when that Bureau was created and is there reported for 1947 and 1948. In most cases, data which would show the 1940 obligations for such transferred functions are not available as they are merged with remaining obligations of the responsible division. Another difficulty in comparing the detail of 1940 obligations with those for 1947 and 1948 results from the unavailability of separate obligations in 1940 for the various divisions of the National Institute of Health.<sup>5</sup>

<sup>5</sup> Statement from Bureau of the Budget.

TABLE XX.—*Obligations of Public Health Service, Federal Security Agency, 1940*

Bureau and Division	Total obligations, 1940	State-aid (including administrative costs)		Research			Regulatory	Medical care (including administration hospitals, clinics)			All others (inclusive over-all administration)
		State grants	Direct operations	Direct activities	Grants to institutions and individuals	Fellowships		Narcotic	Marine	All others	
Office of Surgeon General.....	\$842,449									\$842,449	
Sanitary Engineering.....	(1)										
Public Health Methods.....	420,193									420,193	
National Office of Vital Statistics.....	* 634,612									* 634,612	
Office International Relations.....	(1)										
National Institute of Health.....	1,413,737			\$1,413,737							
National Cancer Institute.....	538,500		\$25,495	343,898	\$61,380	\$99,850	\$57,877				
Division Infectious Diseases.....	(1)										
Division of Physiology.....	(1)										
Division of Tropical Diseases.....	(1)										
Division of Research Grants and Fellowships.....	52,850						\$52,850				
Biological Control Laboratory.....	(1)										
Chemistry.....	(1)										
Laboratory of Physical Biology.....	(1)										
Pathology Research Laboratory.....	(1)										
Bureau of Medical Services.....	(1)										
Foreign Quarantine Division.....	1,546,865								\$9,514,659	\$1,546,865	
Hospital Division.....	9,514,659			18,476				\$2,387,097			
Mental Hygiene Division.....	2,405,573										
Federal Employees Health Division.....	(1)										
Bureau of State Services.....	(1)										
Industrial Hygiene Division.....	167,668		167,668								
States Relations.....	10,384,427		883,721								
Venereal Disease.....	4,956,709		644,145	98,518			25,647				
Hospital Facilities.....	(1)										
Tuberculosis Control.....	(1)										
Communicable Disease Center.....	(1)										
Total, Public Health Service.....	32,898,242	13,689,105	1,721,029	1,874,629	61,380	69,850	83,524	2,387,097	9,514,659	1,546,865	1,897,254

<sup>1</sup> Division or Bureau nonexistent in 1940 under this or any predecessor title.<sup>2</sup> In Department of Commerce in 1940.<sup>3</sup> Break-down not available; 1940 amounts reported under National Institute of Health.

TABLE XXI.—*Obligations of Public Health Service, Federal Security Agency, 1947*

By Bureau and Division	Total obligations, 1947	State-aid (including administrative cost)		Research			Training	Regulatory	Medical care (including administration hospitals, clinics)			All others (including over-all administration)
		State grants	Direct operations	Direct activities	Grants to institutions and individuals	Fellowships			Narcotic	Marine	All others	
Office of Surgeon General	\$16,089,882						\$12,746,549					\$2,343,333
Sanitary Engineering	1,173,701		\$294,250	\$181,407								697,984
Public Health Methods	561,783											561,783
National Office of Vital Statistics	970,886											970,886
National Office of Health Relations	369,134											369,134
National Institute of Health	1,176,326											
National Cancer Institute	4,758,543	\$2,305,539	51,632	1,167,422	\$486,234	\$56,013	135,116					
Division Infectious Diseases	411,163			1,758,543								
Division of Physiological	473,571			411,163								
Research Grants and Fellowships	3,415,379			473,571								
Biological Control Laboratory	113,442			270,410	3,044,329	100,640		\$113,442				
Chemistry Laboratory	69,804			69,804								
Laboratory of Physical Biology	315,484			315,484								
Pathology Research Laboratory	125,284			125,284								
Bureau of Medical Services	1,391,662						100,189					
Foreign Quarantine Division	2,438,496											
Hospital Division	24,678,635											
Mental Hygiene Division	3,120,992			46,603								
Federal Employee Health	448,573											
Bureau of State Services	1,707,040		218,040									
Industrial Hygiene Division	1,658,557		658,557									
States Relations	12,122,369		10,716,797	1,405,517			137,213					
Venereal Diseases	17,270,244		12,977,802	4,292,442			85,055					
Hospital Facilities	1,061,865		357,622	704,243			26,170					
Tuberculosis Control	8,397,866		6,872,646	351,367								
Communicable Disease Center	8,106,367		7,906,367				200,000					
Total, Public Health Service	112,536,443	34,230,226	16,008,011	5,751,303	3,534,563	156,633	13,429,292	113,442	2,433,360	23,520,375	5,768,933	7,008,285

TABLE XXII.—Obligations of Public Health Service, Federal Security Agency, 1948

Bureau and Division	Total obligations, 1948	State-aid (including administrative costs)		Research			Regulatory	Medical care, (including administration hospitals, clinics)			All others (including over-all administration)
		State grants	Direct operations	Direct activities	Grants to institutions and individuals	Fellowships		Narcotic	Marine	All others	
Office of Surgeon General	\$7,582,861										\$3,487,464
Sanitary Engineering	1,062,210			\$330,899							485,927
Public Health Methods	335,925										535,925
National Office of Vital Statistics	1,011,740										1,011,740
Office of International Health Relations	1,832,820										352,920
National Institute of Health	1,835,890										10,000
National Cancer Institute	13,939,413	\$2,500,000	474,406	1,525,890	\$4,778,711	\$300,000					
Division of Infectious Diseases	639,413			2,606,710							
Division of Physiological Diseases	754,969			529,413							
Division of Tropical Diseases	620,751			734,999							
Division of Research Grants and Fellowships	6,661,526			266,526	6,245,000	150,000					
Biologics Control Laboratory	96,262			96,262			\$128,400				
Chemistry Laboratory	432,005			432,005							
Laboratory of Physical Biology	167,392			167,392							
Pathology Research Laboratory	1,394,432										\$1,311,539
Bureau of Medical Services	2,688,725										2,688,725
Foreign Quarantine Division	25,974,608										1,241,280
Hospital Division	8,007,343	2,250,000	335,687	218,916	400,000	70,000		\$5,391,475			156,849
Mental Hygiene Division	552,575										552,575
Federal Employee Health Division	2,199,206										300,000
Bureau of State Services	1,628,445			293,206							
Industrial Hygiene	1,657,163	964,666		693,779			213,345				
State Relations Division	17,722,514	10,252,373		1,311,433							
Venerable Diseases Division	6,123,703	13,636,692	3,376,032	566,993			93,357				
Hospital Facilities Division	8,204,903	5,230,107		893,596			25,170				117,607
Tuberculosis Division	7,753,690	6,690,000	1,162,437	362,466							
Communicable Disease Center							230,000				
Total, Public Health Service	129,448,463	41,623,838	16,411,155	9,023,677	11,423,711	520,000	128,406	3,391,475	24,733,328		6,368,568
											7,370,631

The total obligation for 1940 amounted to \$32,898,242 as compared to \$112,536,443 for 1947, and \$129,443,463 for 1948. This is an increase of 293 percent in about 9 years.

The largest obligation listed in the tables for the 3 years is for State aid: in 1940, \$15,410,134 was obligated compared with \$40,238,237 for 1947, and \$57,934,993 for 1948. This is an increase of 276 percent or almost three times that of 1940. For research grants to institutions and individuals in 1940 the total sum was \$61,380, by 1947 it had increased to \$3,524,563, and in 1948 the total obligation for grants to institutions and individuals increased to \$11,423,711. This is about 186 times the obligation of 1940. In 1940, the total obligation for the training program was \$83,524 and in 1947 it was \$13,429,292 or 85 times that of 1940. The total obligation for training in 1948 had dropped to \$4,880,618. The total obligation for research, including direct activities of the Public Health Service, grants to institutions and individuals, and fellowships for the years 1940, 1947, and 1948 was \$2,005,859, \$9,432,519, and \$20,967,388, respectively. For a complete break-down of obligations for the Public Health Service for the years 1940-47 and 1948 see tables XX, XXI, and XXII, pages 204, 205, and 206.

#### *Definitions of Terms*

1. State-aid programs include those carried on in cooperation with State health authorities or other appropriate State agencies, as Federal-State programs. The term does not include research grants or other examples of Federal programs not requiring an over-all State plan.

State grants are monetary grants-in-aid allotted to States for use by State or local governments.

Direct operations include such activities as consultative services; demonstrations; detail of personnel; the Federal share of cooperative programs such as mass X-ray, malaria control, and special cooperative projects; and headquarters and field administrative expenses of State-aid programs such as approval of budgets, program review, and financial audit.

2. Research includes the work of organizational units principally devoted to the development of new knowledge, basic or applied, in medical and related fields of science. The term does not include such research as is performed as an incidental part of program operations.

Direct activities include research carried on at Federal stations, and research performed by Federal personnel by arrangement at non-Federal establishments.

Grants mean monetary grants-in-aid for projects approved after application has been made, whether the recipient be public or private, institutional or individual.

Fellowships mean monetary subsidies to individuals to permit them to engage in research work, either at Federal research stations or at non-Federal institutions.

3. Training includes the work of organizational units principally devoted to the giving of training courses and conferences for health personnel, whether Federal employees or otherwise; and includes monetary grants to non-Federal

institutions and agencies for student or professional training, including stipends and scholarships. The term does not include such training as is performed as an incidental part of the operations of an organizational unit.

4. Regulatory includes activities carried on pursuant to legislative responsibility to enforce standards, regulations, or licensing provisions, and work incidental thereto.

5. Medical care includes activities primarily requiring medical attention to individuals, such as care of the sick or medical examination for quarantine or employment purposes.

Narcotic includes operating costs of Public Health Service narcotic hospitals.

Marine includes operating costs of Public Health Service marine hospitals and relief stations.

All other includes foreign quarantine service and miscellaneous hospital and clinic operations not primarily research or part of a State-aid program.

6. All other includes all-over administration and such matters as public works, vital statistics, miscellaneous studies, surveys, international activities, and special short-term activities, not included in any of the above categories; and general administration not directly chargeable to such categories.

## SOCIAL SECURITY ADMINISTRATION

The Administration was created under the Reorganization Act of 1945 (59 Stat. 613; Suppl. 5, title 5, U. S. C. 133y), Reorganization Plan II, effective July 16, 1946. This act abolished the original three-member Social Security Board and transferred its functions to the Federal Security Administrator under the supervision of a commissioner.

The health activities of the Administrator are carried on through the health and welfare services of the Children's Bureau and indirectly through the Division of Research and Statistics.

### *Children's Bureau*

The Children's Bureau has responsibility under two laws:

1. The Act of 1912, which created the Bureau, and which directs the Bureau to "investigate and report . . . upon all matters pertaining to the welfare of children and child life among all classes of our people . . . especially . . . the questions of infant mortality, the birth rate, orphanage, juvenile courts, desertion, dangerous occupations, accidents and diseases of children, employment, legislation affecting children in the several States and Territories."<sup>6</sup>

2. Title V of the Social Security Act, which makes funds available for grants to the States.

a. For the purpose of enabling each State to extend and improve, so far as practicable under the conditions in such State, services for promoting the health of mothers and children, especially in rural areas and in areas suffering from severe economic distress, . . . the sum of \$11,000,000.<sup>7</sup>

<sup>6</sup> 37 Stat. 79.

<sup>7</sup> Pt. 1, sec. 501.

b. For the purpose of enabling each State to extend and improve (especially in rural areas and in areas suffering from severe economic distress), as far as practicable under the conditions in such State, services for locating crippled children, and for providing medical, surgical, corrective, and other services and care, and facilities for diagnosis, hospitalization, and after-care, for children who are crippled or who are suffering from conditions which lead to crippling . . . the sum of \$7,500,000.<sup>8</sup>

c. For the purpose of enabling the United States, . . . to cooperate with State public-welfare agencies in establishing, extending, and strengthening, especially in predominantly rural areas, public-welfare services (hereinafter in this section referred to as "child-welfare services") for the protection and care of homeless, dependent, and neglected children, and children in danger of becoming delinquent, . . . the sum of \$3,500,000.<sup>9</sup>

The Children's Bureau has carried on a wide variety of activities. It has made and participated in basic research. Its studies of methods of providing services have been made for the purpose of formulating statements of what is the "best practice" within current knowledge. It has developed material to be used by parents about various aspects of child life, for example, "Infant Care," "Your Child From One to Six," and others. It has published its findings and made them freely available to citizens and to committees of Congress.

Because of the broad scope of the act of 1912 it has been possible for the Children's Bureau to initiate as well as participate in many different kinds of activities which affect the welfare of children. The Bureau has worked closely with other agencies of the Federal Government concerned with health, education, and welfare in carrying out these broad responsibilities.

The grant-in-aid funds available under title V have been administered in the light of its enunciated purpose—to extend and improve health and welfare services for children. The effort has been made to give advice and consultation in all areas of these programs with respect to the States which ask for help.

The number of different fields in which the Children's Bureau is directed to act makes it a multifunctional agency of Government. It does not conform to the prevailing Government pattern, which is to have an agency deal with services on a single functional basis. The Bureau's experience has demonstrated a positive value in the combination of services for which the Children's Bureau is now responsible.

*Functions of Division of Health Services.*—In general, the functions of the Division of Health Services of the Children's Bureau are (1) to improve health services for children in the United States, and (2) to keep the standards of these services abreast of the research and scientific knowledge available in these fields today.

<sup>8</sup> Pt. 2, sec. 511.

<sup>9</sup> Pt. 3, sec. 521.



The professional staff of the Division, under the leadership of the Director, operates in both the areas of program planning and field operation, and is organized to give help to consultants in the regional offices and to State and other agencies concerned with providing health services and medical care to mothers and children, and crippled children.

The program of the Health Services Division is developed by its Program Planning Section with a professional staff under the direction of a physician as chief. This staff consists of units of specialists in nursing, nutrition, medicine, dentistry, medical-social work, and administrative methods, who work together as a team. Each unit brings its professional knowledge and skills to the evaluation, development and improvement of services for mothers and children, and for crippled children, and the extension of training opportunities in all professional fields contributing to health services for children. This division evaluates the special needs of children throughout the country.

Each unit is responsible for providing leadership needed for improving the health and welfare of mothers and children and crippled children in this country and in other countries within the scope of the Bureau's international relationships. It gives technical supervision to the work of its regional consultants and the maintenance of consistent standards of service through conferences, individual consultation, and joint field visits.

The Program Development Section arranges for conferences of advisory groups of lay people and experts on the special health needs of children. Standards are developed for maternal and child health services and for services to children who are the victims of crippling conditions, of cerebral palsy and rheumatic fever. Special consultation is given State agencies on their medical programs, on maternal, pediatric, and orthopedic nursing, on medical-social procedures, nutrition, and physical therapy, and on hospital administration and accounting. Its physicians assist medical schools to develop curricula and graduate courses designed to train physicians in the most effective methods of care of mothers and children. Staff members cooperate with schools of public health, nursing, social work, and nutrition, in developing courses in maternal and child health and in promoting improved training in child health for professional workers in other fields.

In order to develop an integrated service for children, the professional staff of the Health Services Division cooperates closely with the other divisions of the Bureau. Under the Bureau's mandate to "investigate and report" this division cooperates with the Division of Research and Child Development in planning research projects as a basis for more efficient program planning. The Statistical Research Division cooperates in the analysis of data, especially in the field of

infant mortality statistics and in statistical data which are part of State and regional reports, in the development of reporting systems, etc.

In cooperation with the Division of Reports, both technical and popular material has been developed for distribution. The Division of Reports also gives consultation to States on health information problems.

Bringing the Health and Welfare Services for Children together within the same organizational unit has facilitated their administrative and program coordination. Many problem areas require the combined services of both the health and welfare divisions in order to meet the wide variety of needs of children. These include day care facilities, programs for unmarried mothers, and programs developed for children with personality difficulties. The coordination of the Health Services for Children with other health service programs, and of the welfare service for children with other welfare service programs, has been brought about by continual intraagency planning. Specifically in relation to the health programs, the Children's Bureau health service staff meets regularly with the staff of the Bureau of State Services of the Public Health Service. There is consistent analysis and planning in relation to categorical health programs administered by the Public Health Service, that is, venereal disease, tuberculosis, mental health, cancer, etc.

An advisory committee for this Division meets semiannually to assist the Division in formulating its general policies focused on the health needs of children. This committee represents nationwide professional and lay interests in child development through the following groups: One-fourth of members chosen by American Medical and Dental Association, one-fourth of members representing medical, dental, and other specialists chosen by the Children's Bureau, one-fourth of members representing citizens' groups interested in child development (as parent-teachers association, labor organizations, etc.), one-fourth of members representing citizens at large, chosen by Bureau on same basis.

The use of such committees by the Children's Bureau since its development has been one of the distinct contributions the Bureau has made in the field of Government planning. These committees consisting of cross sections of both professional and lay groups have not only shared in program planning, but they also have been intelligent interpreters of the Bureau to the general public.

*Field Operation Section.*—The professional staff of the Division coordinates and integrates its field operations. It reviews States' plans and budgets; apportions the funds allocated to States on the basis of need, and facilitates, through regional offices, consultative services to State agencies.

At the present time, the services of the specialists in health are chan-

neled through the 10 regional offices, the Federal Security Agency regional offices, where they are fully coordinated with the regional offices of the other constituent agencies of the Federal Security Agency. Each regional unit of the Children's Bureau when fully staffed consists of a medical director, a nurse, nutrition consultant, a medical-social worker, and an administrative-methods consultant. Individually or as a "team" regional consultants visit each State health agency and crippled children's agency conferring with directors and staff members and advising on the operation of State programs, standards of service, and ways of extending and improving health services for mothers and children.

*Grant-in-aid program.*—To enable the States to extend and improve health services for mothers and children, Congress has allocated annually to this Division funds for administering two grants programs as follows:

	<i>Funds for 1948</i>
1. Maternal and child health grants	\$11, 000, 000
2. Crippled children's	7, 000, 000
Total	<hr/> 18, 000, 000

By the provision of the act, the total funds appropriated are allocated to States to assist the State and local operations of this program. One-half of all the funds available is matched by the States, dollar for dollar.

This program is in operation in all the States, the District of Columbia, Alaska, Hawaii, Puerto Rico, and the Virgin Islands. State plans for each of these health services are reevaluated annually on the basis of joint Federal and State cooperative planning, and in relationship to both Federal and State expenditures needed and available to develop the programs. These plans are approved by the Chief of the Division. Federal and State funds are allocated by the State's agency in accordance with its plan to county and local health departments for maternal and child health services.

*Maternal and child health services.*—In general the maternal and child health grant is used in individual States in the following ways:

1. To develop in accordance with the need in individual States services such as maternity clinics; child health conferences; health services for school children; dental care for children; nutrition education; inspecting and licensing of hospital maternity services. The pattern of each State's program is tailored to fit its need. Quality of service is given particular emphasis. There is no national pattern. No State is meeting its total needs. There are many areas which have not been reached.

2. To give further training to staff personnel who are employed full-time, part-time, or on a fee-for-service basis. Postgraduate

courses in obstetrics and pediatrics are held for practicing physicians and institutes and training courses are held for public health nurses and other health workers. Stipends are provided for staff workers in State and local health departments, to enable them to take additional professional training. Money from these grants has been used for initiating or improving courses of graduate study in these fields. In Arkansas, which lacked pediatricians, for example, graduate courses in pediatrics, entirely financed from these funds, were set up in the State medical school. Three schools of public health have contracts with States for the improvement of graduate education in matters related to child and maternal health. Two schools now receive funds for improving graduate work in children's dentistry.

3. To share with State departments of health the cost of a child health division within the framework of the State health department, in order to extend and improve maternal and child health services, especially in rural areas and in areas suffering from serious economic distress.

Locally, the maternal and child health program is carried on by the county or city health department. Physicians provide medical supervision to mothers in prenatal clinics and to children in child-health conferences. Clinics provide dental care for children in many States. In addition to clinic service, the public-health nurse conducts classes and makes home visits. Health services for school children are conducted in cooperation with the schools.

In a limited number of areas home-delivery nursing service is provided at the request of the attending physician. Supervision is given midwives, and in some counties nurse-midwives are provided to train and supervise midwives and to a limited extent to give midwifery service. In a few areas in the States, medical care for mothers at delivery and care for sick children, with hospitalization if necessary, are provided.

Reports from State health agencies indicate that during 1946 about 129,000 mothers received prenatal medical care under maternal and child health programs financed in part with Federal funds. About 456,000 infants and preschool children attended medical child-health conferences; about 952,000 infants and preschool children received public-health nursing service; and health supervision for some 1,587,000 school children was provided under State health departments in cooperation with school authorities. Additional funds and more trained professional workers are urgent needs to extend these services.

*Crippled children's services.*—The services for crippled children in each State follow the same general pattern as the program for maternal and child health in order to extend and improve services for crippled children and for children with crippling conditions.

The State agencies responsible for administering services for crippled children are as follows: Health departments, 30; public welfare departments, 10; crippled children's commissions, 5; departments of education, 4; State university medical schools or hospitals, 3. The State staffs usually include physicians, specialists in orthopedic and plastic surgery, orthopedic nurses, medical-social workers, and physical therapists. Local health departments, welfare departments, and school authorities cooperate with the State agencies.

State agencies may include within their crippled children's programs all services needed to alleviate the handicapping conditions of childhood. There has never been a Nation-wide analysis taken of children with crippling conditions under whatever definition. It is believed, however, that the ratio of children with crippling conditions to population is fairly uniform throughout the United States. However, the registry of crippled children maintained by all the State crippled children's agencies, showed over 442,000 registered on December 31, 1946. It is estimated that 500,000 children are estimated to have rheumatic fever, 160,000 cerebral palsy, 200,000 epilepsy, in addition to those with hearing and visual defects.

The grants are used for organized programs of medical, surgical, corrective, and other services and care for children who are crippled or who are suffering from conditions that lead to crippling, and to provide facilities for diagnosis, hospitalization, and aftercare for such children. Twenty-two States, for example, now have organized programs for the care of children suffering from rheumatic fever or heart disease.

Diagnosis and some treatment is provided in clinics held for crippled children in permanent clinic centers, or at intervals in itinerant clinics. The State agency assumes responsibility for arranging for hospitalization, medical and surgical care; the subsequent care of a crippled child in a convalescent home or in his own home; and for medical and public-health-nursing supervision and physical therapy to complete his physical restoration. Medical social service also aids the children in adjusting at home, at school, and in neighborhood activities. Children for whom such opportunities are appropriate are referred to the Vocational Rehabilitation Service for vocational training when they reach 16 years of age.

There are long waiting lists for admission to hospitals for crippled children.

*Division of Statistical Research.*—The Division of Statistical Research is responsible for the reporting services for the crippled children's as well as the maternal and infancy programs. Data on the cost of hospital care are contained in requests from hospitals for reimbursement for hospital care provided under the Federal-State programs.

In general this Division collects and analyzes, for administrative use and public information, statistics of the Bureau's programs in the fields of maternal and child health and welfare. In addition, the Division promotes the development and use of statistics by State and local agencies concerned with the welfare of children.

A major activity of this Division is statistical research into the trends and conditions of maternal, infant, and childhood mortality. Continuing analyses are made of registered vital statistics and of data derived from administrative records and special studies. (See table XXIII below.)

*Mental health unit.*—Recently the Bureau has developed a small mental health unit to be concerned with the question as to how mental and emotional health may be developed in children, as well as the preventative and curative aspects. The mental health unit fosters wider understanding of mental health by doctors, dentists, social workers, nurses, and others who work with children, stimulates development and improvement of mental-health services for children in child health and welfare programs supported by public or private funds, promotes development of diagnostic and treatment resources for children with personality and behavior problems and for mentally retarded children, and provides consultative service. This unit has been placed outside of both the Social Services Division and the Division of Health Services for the purpose of making it possible to work coordinately with both.

*Division of Research in Child Development.*—The Children's Bureau was primarily a research, fact-gathering, standard-setting, informa-

TABLE XXIII.—*The impetus given to the development of specialized services on State and local levels by the health services' grant-in-aid program of the Children's Bureau*

Children's Bureau programs in State departments of health	Budgeted positions when the grant-in-aid program started		Positions at present		Remarks
	Number of States	Number of positions	Number of States	Number of positions	
Nutrition.....	3	9	50	170	As of December 1947. (1) For the fiscal year 1945-46, 63 percent of these nutrition positions were charged to Children's Bureau funds, 9 percent to Public Health Service funds, and 28 percent to State and local funds.
Medical social workers.....	2	6 or 7	51	250	
Nursing service; nurses trained to give consultation services in—					
(a) hospitals, on child and maternal care.....	0	0	19	25	As of July 1, 1948.
(b) pediatric care.....	0	0	38	81	Do.
(c) orthopedic care.....	0	0	45	115	Do.

tional agency. In its first decade the Children's Bureau, in line with its mandate to investigate and report, concentrated its small resources on studies of conditions surrounding the lives of children. The series of community studies on infant mortality revealed the social and economic factors associated with a high mortality rate. These studies have influenced the development of services both within and without the Federal Government that have helped in reducing deaths in infancy.

As a result of the knowledge gained from such studies, the Bureau published a pamphlet for parents, *Infant Care*. This pamphlet has been rewritten from time to time to keep it abreast of the development of newer knowledge in infant care. Last year 1 million copies of this pamphlet were given away; more than a million were sold. It has been translated into four languages. Seventy percent of the budget of the Division of Reports, or \$129,965, has been used during the last year for the publication of a series of monthly letters to parents on prenatal and infant care. These monthly letters are based on the results of current research. They have a voluminous circulation. This budget also includes answering letters from parents who ask specific questions growing out of their own problems. These reports are based on the results of current research in these subjects.

Following its broad legislative mandate, research carried on by the Bureau has been characterized by the diversity of its subject matter. The greatest portion of the Children's Bureau research effort has gone into the fields of child health, child labor, and child welfare. Children's Bureau studies have characteristically related to two or more of these fields, including considerations of the general social and economic factors relating to children.

The purposes of Children's Bureau research, broadly speaking, have been to survey and analyze the nature and extent of problems affecting children; to review and evaluate community facilities and programs designed to treat and prevent these problems; to develop techniques and procedures for improving child care and services to children.

From the viewpoint of methodology the predominant type of study has been the field survey, employing schedules to collect data susceptible of statistical treatment. The Bureau has also undertaken legal research, chiefly in State statutes, relating to children. Some research has consisted entirely or in large part of case studies. Much of the recent research activity in the Bureau has consisted of statistical analysis of data collected by the Bureau or by other governmental agencies.

In the general curtailment of all work not directly related to the war, the research program was greatly reduced. Since the war the Children's Bureau has been giving serious consideration to renewing its emphasis on its research program, in an attempt to learn what research is needed in the total field of child life.

Major advances have been made in research in child life by research agencies and individuals outside government. The movement for research in child growth and development, stimulated by the Rockefeller Foundation 20 years ago, through grants to child-research stations, has produced significant results. Important developments are occurring in research in the biological, physical, and social sciences, bearing on problems of child development. Gains are being made in the provision of health and welfare services for children which both utilize the results of research and bring to light new research problems.

These and other developments call for a basic review of the present status and future direction of research in child life. The scope of research needed has received little focused attention. National interest in research during and since the war has centered principally on the physical and biological sciences.

During the period of 1947-48 the Children's Bureau appropriations for direct research amounted to \$31,000.

The Children's Bureau has no authority nor funds for grants-in-aid for research. The present funds of the Children's Bureau for research purposes are on an extremely restricted basis. While it has the responsibility under its basic act of 1912 for child research the financial support for this allows only limited activities. Under the Social Security Act it has funds which go to the States for the extension and development of underlying services for children. These funds can be used for investigative purposes only when the investigation is directly connected with services for children and then in a limited way only. The Children's Bureau at present has no authority to make grants to anyone for research unconnected with operating services in the States. But cooperative arrangements have approved a useful technique for assisting research in which the Bureau has a special interest but for which its finances are insufficient.

The Bureau, in cooperation with a group of distinguished leaders in research in child life, have been (1) examining the need for research in child life and exploring the directions it should take; (2) reappraising the role of the Children's Bureau as the Federal Government's principal research agency in the field of child life; and (3) considering research in relation to training and service.

As a result of these deliberations the Children's Bureau has already established an information center of research-in-progress in the Division of Research and Child Development as a clearinghouse on research in child life. This clearinghouse will ascertain currently what research is going on, both inside and outside the Federal Government, and will coordinate the Bureau's research program with those undertaken otherwise.

The Committee on Child Development of the National Research



Council, a committee of long standing, has been reorganized to serve as part of a permanent Research Advisory Committee of the Bureau.

Liaison has been established with the National Institute of Health and with other Federal agencies doing research which touches child life, as the Office of Education and Bureau of Home Economics and Nutrition in the Department of Agriculture, in order to exchange ideas and advise on these research programs in order to prevent duplication. (See the following table.)

*Health activities of the Children's Bureau*

Items	1940	1947	1948
A. State aid, including administrative costs:			
1. State grants.....	\$8, 202, 193	\$29, 038, 195	\$20, 054, 965
2. Direct cooperation.....	276, 000	571, 000	547, 000
B. Research: 1. Direct activities.....	39, 000	32, 000	31, 000
C. All other including all-over administrative costs.....	124, 000	226, 000	237, 000
Total obligations.....	\$, 641, 193	29, 867, 195	20, 869, 965

*Recommendations.*—During its 37 years of operation, the Children's Bureau has developed services in those areas in which the rights of children need protection, such as: Children living under improper home conditions, juvenile delinquents, crippled children, children working in industry. It has been responsible for legislation to protect children. It has a research program, but is not allowed to make research grants. It operates, under title V of the Social Security Act, three grant-in-aid programs: (1) For maternal and child care, (2) for crippled children, and (3) for child welfare services.

When the Children's Bureau was in the Department of Labor it enjoyed a remarkable degree of autonomy, with the Chief being directly appointed by the President. At present the Bureau is administratively under the Social Security Administration and the Chief does not have direct access to the Federal Security Administrator. This arrangement makes it administratively difficult for the Bureau to perform its assigned functions of concerning itself with all the problems of children; of developing plans to meet these problems; and, in general, making sure that children are considered in all the planning of the FSA. It is therefore recommended that, in order to perform this broad function properly, the Bureau should be placed in the organization of the proposed Department of Health, Education, and Security in a general staff capacity where it can advise the Secretary of the new Department as well as the Directors General of Health, Education, and Security. It is also recommended that the scope of the Bureau be broadened somewhat beyond its present fields so that it may be equipped to deal more adequately with problems in the educational field.

The grant-in-aid programs for which the Children's Bureau is responsible have been administered admirably. Tremendous strides have been made in making maternal and child health available to people, though much remains to be done. Nevertheless, there is no unanswerable reason for leaving the grant-in-aid programs indefinitely with the Children's Bureau. Its primary functions should be those of research, planning, and promotion. A large administrative responsibility is inconsistent with the maximum performance of the Bureau's proper functions. Unquestionably, funds should be available for demonstrations, for training personnel, and for research conducted on a direct and a grant basis.

It is therefore recommended that as soon as the Public Health Service develops a more unified approach to the administration of its own grant-in-aid programs, and as soon as the promotional phase is passed in the grant-in-aid programs now operated by the Children's Bureau, the health grant-in-aid programs should be transferred to the Public Health Service.

#### *Division of Research and Statistics*

The Division of Research and Statistics reviews and analyzes problems related to social security "that are beyond the immediate scope of any other bureau." Its work in the field of health activities is limited, as only one professional staff member is set aside for this work.

The Division makes occasional special studies on health aspects of social security, and compiles information, answers inquiries, advises on program or legislative matters. Occasionally, it compiles new information on existing social security (health) provisions, public or voluntary.

The Division also collects and analyzes information on health aspects of broader social security programs (e. g., "health and welfare" provisions established by employers or under collective-bargaining agreements; foreign social security programs).

*Obligations.*—The total budget for the Division (1948-49) is \$125,000. On the basis of present outlook, about \$15,000 will probably be expended on all "health activities."<sup>10</sup>

#### UNITED STATES OFFICE OF EDUCATION

The Department of Education<sup>11</sup> (1) collects statistical and other information on the programs of instruction and administration in

<sup>10</sup> Communicated from Division of Research and Statistics, September 24, 1948.

<sup>11</sup> The U. S. Department of Education was created March 2, 1867, by an act of Congress (14 Stat. 434; 20 U. S. C. 1). It was transferred under the President's Reorganization Plan No. 1 from the Department of the Interior to the Federal Security Agency on July 1, 1939.

schools, colleges, and universities, and other educational institutions; (2) gives advisory and consultative services to State and local school authorities; (3) administers grants-in-aid to educational and special programs; (4) conducts research on educational practices. Its educational activities include school public-health education. As a part of its physical education program it encourages medical examinations for school children and teachers, and studies the effect of these examinations upon child health. Through its grants-in-aid programs for vocational education it assists in the training of health teachers and practical nurses. The department is responsible for the direction of the activities of the Columbia Institution for the Deaf, Howard University, and the American Printing House for the Blind.

The school health activities of the United States Office of Education have grown up as a contributory program to the field of education rather than a program designed for health itself. In this connection the school hygiene program of State and local education departments had the direct interest and support of the United States Office of Education rather than the United States Department of Public Health. However, the United States Office of Education conducts school health educational conferences in cooperation with State departments of health, recreational associations, and nongovernmental health agencies. For a discussion on health education, see page 126 of this report and the report on Federal Policy and Organization for Education (Brookings Institution, Hollis P. Allen), which discusses the school health education program fully.

#### OFFICE OF VOCATIONAL REHABILITATION

The Vocational Rehabilitation Act of July 6, 1943 (Public Law 113, 78th Cong.) provides "for the promotion of vocational rehabilitation of persons disabled in industry or otherwise and their return to civil employment." The Federal Security Administrator is responsible for carrying out the provisions of this act through the granting of money to States whose plans he approves and through seeing to it that these plans are followed.

The law specifically provides for a State board of vocational education as the sole agency for the administration, supervision, and control of the State plan, with a commission for the blind caring for the blind if such a body exists in that State. The State agency must have a merit system of personnel administration and must make required reports. Maximum fee schedules must be set by the State agency and the Federal Security Administrator is required to specify the classes of individuals eligible to receive benefits under this act. The extent of State financial participation is specified, differing for several categories of persons (such as one-half for all eligibles, except war-disabled

civilians or civil employees of the United States, for whom the Federal Government pays all the expenses).

The Federal Security Administrator (or his representative) promulgates regulations after consultation with the executive committees of both the States Rehabilitation Council and the National Rehabilitation Association. These regulations are based on the act, and contain the more specific provisions under which the program is administered.

Administration of the act is delegated by the Federal Security Administrator to the Office of Vocational Rehabilitation (a section of the Office of Special Services). The medical aspects of the program are handled by a staff of Public Health Service officers assigned for duty with this Office. Consultative and advisory work with the States is carried on through representatives in the regional offices of the Federal Security Agency, medical officers too being assigned from the Public Health Service.

The Office of Vocational Rehabilitation works through two functional divisions: (1) Administrative Standards, and (2) Rehabilitation Standards. Within the latter, the section on advisement, training, and placement is concerned with staff development and promotion of sound professional performance. State agencies send their rehabilitation workers to federally sponsored training institutes, and development of acceptable standards is an important function of this section.

The section on physical restoration is concerned with the development of standards, policies, and techniques governing the provision of physical and mental restoration services. Mental (or emotional) disabilities are considered to be conditions subject to correction or alleviation, and a psychiatric social worker in this Office is consultant to State agencies.

Services to the blind are centered in another section of this Division. Consultation to States on problems associated with employment of the blind is an important function, as well as preparation of training materials, job descriptions, etc.

The sections on information services and research and statistics operate along lines implied in their titles.

To summarize, the Office of Vocational Rehabilitation provides funds which assist States in training, treating (medically), and placing into employment those individuals who are of employable age and otherwise competent to work. The appropriations for the past 2 years have been 18 million dollars per year, and in the 1947 annual report the amount of \$400 was estimated as the average cost per restoration. It was calculated, too, that the annual income of those who were returned to employment increased from 14 million to 68 million dollars, resulting in an increase in the national annual earned income of 54 million dollars. From a cold statistical viewpoint, this would seem to justify

the program, but the increased happiness and psychological self-sufficiency which result from the return of a disabled person to gainful employment cannot be expressed in money values. They are perhaps incalculable.

The percentage of the total appropriation to States which is expended for medical services, though increasing, is not large: 1944—4.97 percent; 1948—12.06 percent. "A wide range of services are available under the Vocational Rehabilitation Act. Training, maintenance, medical services, occupational tools and equipment, and transportation are the principal services which are purchased for eligible clients. Guidance, counseling and placement activities are rendered by the staff of the State rehabilitation agencies." It is apparent that medical service is but a small part, financially, of the total rehabilitation cost. For this reason, it would be unwise to suggest separation of the medical service program from the other aspects of vocational rehabilitation at the Federal level, especially since the Federal activities involve grants rather than direct service. At the State level, strong arguments could be made for administration of the medical services by the agency administering the program for crippled children.

*Extent of Federal financial support to State programs*

Fiscal year	Total appropriation for payments to States	Federal share of services purchased for clients	Federal share of expenditures for medical services				Percentage of "total appropriations" for medical services
			Medical and surgical treatment	Hospitalization	Prosthetic appliances	Total	
1944.....	6,730,000	1,700,340	19,998	13,244	301,493	334,735	4.97
1945.....	8,000,000	2,674,424	108,365	136,373	353,733	598,471	7.48
1946.....	11,705,400	3,749,853	234,171	304,776	356,547	895,494	7.65
1947.....	12,359,800	5,131,073	421,027	470,678	536,806	1,428,511	11.56
1948.....	18,000,000	6,875,808	609,437	688,236	872,975	2,170,648	12.06
1949.....	18,000,000						

*Recommendations.*—1. The medical services aspect of vocational rehabilitation should be retained as part of the over-all program of the Office of Vocational Rehabilitation, though at the State level there are strong arguments for administration of medical aspects by the agency responsible for crippled children's work.

2. Assignment of medical officers from the Public Health Service to the Office of Vocational Rehabilitation to advise on the medical service activities is a wise procedure and should be continued.

## FOOD AND DRUG ADMINISTRATION

The Food and Drug Administration was created by an Act of Congress in 1906 (34 Stat. 3915; 21 U. S. C. 1, secs. 1-5), and an Agricultural Appropriation Act of 1931 (46 Stat. 392). It was transferred

to the Federal Security Agency by the President's Reorganization Plan No. 4, effective June 3, 1940. Its Commissioner acts under the direction of the Administrator of the Federal Security Agency.

*Organization and functions.*—The Commissioners, in carrying out the functions of the Administration, are assisted in their duties by heads of 11 divisions. These divisions are chiefly concerned with the technical work of their division and the coordinating and regulatory activities of the Administration. The Divisions of Pharmacology, Microbiology, and Vitamine Bacteriology are concerned with research as it is related to their respective divisions. The Divisions of Food, of Drugs, and of Cosmetics, likewise confine their activities to scientific methods of their specific problems of enforcement. The Divisions of Interstate, Import, and State Corporations are administrative offices specifically planned and directed for the enforcement of laws and the coordination of the Administration's activities. The Medical Division is responsible for the medical policy of the Administration with respect to the chemical studies, and the efficacy and safety of food and drugs for man and animal.

As the activities of the Administration are Nation-wide, regional offices located in strategic cities, fully equipped with analytical facilities, are maintained. The country as a whole is divided into 16 inspection "station territories." These stations are under the supervision of a "station chief" who is responsible for the enforcement of the law within his area and who reports directly to the Washington office. The responsible area officials are commissioned by the Federal Security Administrator as agents for the Federal Security Agency in the control and enforcement of the Federal Food, Drug, and Cosmetic Act.

*Collaborations.*—The Administration controls and maintains close cooperation with the Division of Customs in the Department of the Treasury. It also cooperates with the Post Office Department and the Federal Trade Commission in the analysis and investigations of medical and other related products. It gives technical assistance to the Departments of the Interior, War, Justice, Veterans' Administration, and other Government and private agencies requesting technical services.

*Health activities, regulatory.*<sup>12</sup>—The Food and Drug Administration protects the consuming public against misbranded or adulterated foods, insecticides and fungicides and the enforcement of the Food, Drug, and Cosmetic Act (21 U. S. C. 301 et seq.), the Federal Tea Transportation Act (21 U. S. C. 41), the Federal Caustic Poisons

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<sup>12</sup> For a complete discussion of the legal aspects of the activities of the Food and Drug Administration and the Federal Trade Commission, see *Legal Aspects under Federal Trade Commission*, page 228.

Act (15 U. S. C. 401), the Federal Import Milk Act (21 U. S. C. 141), and the Federal Filled Milk Act (21 U. S. C. 61).

The Administration advises manufacturers on keeping within the requirements of the act. Violations are reported to the Department of Justice with recommendations for seizure, criminal prosecution, or injunction actions within the Federal court.

*Research.*—It also conducts research that has regulatory objectives. Pure research as a distinct activity is not undertaken by the Administration. Many research studies are planned and carried out with the sole objective of adequate and efficient enforcement of the law. To make its regulatory objectives work, the Administration must conduct studies that will give the technical knowledge necessary for law enforcement; to detect fraud in terms of proof that will sustain court action, as well as serve to detect new types of adulteration and new processes. For Government agencies that do not have laboratory facilities and technical personnel, the Food and Drug Administration assists in conducting studies essential to their program. In order to maintain the standards set by the United States Pharmacopoeia, or the National Formulary, and to determine the safety and the efficacy of medicines, the laboratories of the Administration make vitamin assays, bacteriological analysis, and investigations into the toxicity of ingredients used in the manufacture of foods and drugs, and in related fields which protect health. For example, in the field of bacteriology, investigations are made on food poisoning and the identification of contaminating organisms. Studies are being made to detect the prevalence of brucella in the manufacture of cheese from raw milk. This study does overlap the brucellosis research made in the Bacteriological Division of the National Institute of Health. The Food and Drug Administration conducts research on poultry diseases in an effort to determine worthless preparations in the control and prevention of diseases which are similar to the studies made by the Bureau of Animal Industry on various anthelmintics and methods of control of animal and poultry diseases.

Recent publications exemplifying such research as Metabolism and Permeability of Normal Skin (Physiol. Rev. 24: 495, 1946); The Treatment of Gonorrhea With Streptomycin (American Journal, Syphilis, Gonorrhea, and Venereal Diseases 31: 268, 1947); Observation On the In Vivo and In Vitro Development of Bacterial Resistance to Streptovivyn (Journal Bact. 53: 481, 1947) might appear offhand to be out of the field of regulatory research. However, such researches are made to secure technological knowledge necessary to detect fraud and to enforce the law. They therefore fall well within the regulatory research activities of the Administration.

These researches appear to be overlapping. However, since they are solely made for the detection of adulterations, they do not require

the high degree of competence required in PHS researches, and can, therefore, best be undertaken in connection with the regulatory powers of the Food and Drug Administration.

The Biologic Control Laboratory, National Institute of Health, Public Health Service, has enforcement provisions for the control and sale of any therapeutic viruses, serums, toxins, vaccines, or analogous products, including arsphenamine or its derivatives used in the prevention, treatment, or cure of diseases or injuries of man. This control is enforced under section 351, Public Health Service Act (Public Law 410, 78th Cong.), formerly the act of July 1, 1902 (32 Stat. L. 728, ch. 1378). Provision is made for annual inspection of licensed and nonlicensed laboratories, under its standards of minimum requirements for licensed products as to their potency, purity, and safety. Although the purpose of this act is to assure the consumer that those biologics are potent and free from contaminants, it gives no authority to control the sale of biologics. That obligation belongs to the States. The act also provides for the conduct of research on the development of new biologics and the new methods for their control.

The work carried on by the National Institute of Health in the administration of the control and development of biologics is such that it does not involve unnecessary duplication. It is chiefly concerned with the therapeutic value of the products, their purity, and their potency. This service done chiefly for the medical profession is essentially scientific and technical in character.

The Bureau of Animal Industry, Department of Agriculture, also has powers to control the interstate shipment, the importation and exporting of viruses, toxins, and medicines used in the prevention and treatment of animal diseases. The Food and Drug Administration apparently carries a part of the same function in making veterinary tests and reporting on the sale of these veterinary products.

*Obligations.*—The total obligation for health activities in the Food and Drug Administration is used for the protection of health through law enforcement. In 1940 the obligations were \$2,572,466, \$4,620,053 in 1947, and \$4,815,700 in 1948, respectively.

*Recommendations.*—As the Food and Drug Administration is essentially an agency designed by law for the protection of health, it should be transferred to the Public Health Service in the proposed Section of Health Standards and Inspection where its techniques for law enforcement would be strengthened. Furthermore, to strengthen its regulatory functions for the protection of health, regulatory powers except meat inspection which is after all concerned with the grading of meat for commercial purposes, as well as health, within the Department of Agriculture related to health should be consoli-



dated under the Food and Drug Administration. Research facilities are established by law in the Food and Drug Administration because research is vital in obtaining the knowledge necessary for law enforcement. The facilities for law enforcement and research are, therefore, well combined in one agency.

With respect to the National Biologics Act, Public Health Service, and the Virus, Serum, Toxin Act of the Bureau of Animal Industry, Department of Agriculture, they could well remain where they are now. Both are regulatory activities, one affecting man and the other animal. The control of animal biologics should be retained in the Bureau of Animal Industry, Department of Agriculture. The control of biologics dealing with man should be transferred from the Biologics Control Laboratory, National Institute of Health, to Food and Drug Administration. The control of both human and animal biologics has been sustained through professional channels of both the physician and veterinarian.

## Federal Trade Commission

The activities of the Federal Trade Commission which may be interpreted as public health services are based on its regulatory acts to prevent unfair or deceptive practices in the handling of foods, drugs, cosmetics and medical devices. The Commission's policy has been to "proceed only when the resulting dangers may be suspicious or the public health may be impaired and in such cases to require that appropriate disclosure of the facts be made in the advertising."<sup>13</sup>

### *Creation, Functions, and Organization*

The Commission was created by an act of Congress, September 26, 1914 (38 Stat. 717; 15 U. S. C. 41-51). It was originally enacted to prohibit the "unfair methods of competition," the restraint of trade, and the practices of price fixing. The phrase "unfair methods of competition" was purposely not defined in the act; it was left to the Commission and to judicial reviews to determine the meaning of the phrase with respect to individual cases. One of the methods of competition early proceeded against by the Commission as unfair was the misbranding and misrepresentation of goods. Subsequent court action involved false and misleading advertising, misbranding of such commodities as food, drugs, cosmetics, medical devices, and poisons.

The law was amended by the Wheeler Act of March 21, 1938 (52 Stat. 111-117; 15 U. S. Code, sec. 41-58), in several important respects, one of which was to make unlawful "unfair or deceptive acts or practices" as well as "unfair methods of competition." Under the amended act it was not necessary for the Commission to prove injury to competition where an act or practice can be shown to be unfair or deceptive and [where] there is substantial public interest in its prevention.<sup>14</sup> The Commission, furthermore, is empowered and directed to prevent persons, partnerships or corporations, except banks and common carriers subject to the act to regulate commerce, from using unfair methods of competition in commerce. The Commission under these acts also has the power to control false advertising of food, drugs, cosmetics, etc., over the radio and to control medical and health broadcasts of public-health significance. Section 12 of the same act makes it unlawful to use the United States mails for the dissemination of unfair and deceptive practices of false advertising.

<sup>13</sup> Rules, Policy, Organization, and Acts, November 20, 1937, p. 42.

<sup>14</sup> Federal Trade Commission personal communication. Report on Public Health Activities for the Commission on Organization of the Executive Branch of the Government.

The Federal Trade Commission carries out the functions under its acts through 8 bureaus and 20 or more divisions.

The Bureau of Medical Opinions (formerly Medical Advisory Division) furnishes the Commission with professional opinions in matters involving health, medical, and technical questions insofar as they are related to legal aspects of law enforcement. Its scientific personnel consists of a director, a chemist, and a medical officer. In cases where specialized testimony is required, appropriate expert witnesses are employed.

The Bureau of Medical Opinions maintains contacts with governmental and nongovernmental scientists and agencies, who serve as the Commission's liaison officers.

The Commission has no technical laboratories of its own. Analyses are made in the laboratories of the Food and Drug Administrator, furnishing scientific information for its enforcements. The larger proportion of the total appropriation of the Bureau of Medical Opinion is spent for advisory and regulatory services. For 1948 the total appropriation amounted to \$35,100.

#### *Obligations*

The total cost for 1940 is estimated at \$22,640, which represents about 1 percent of the total appropriation. In 1947, \$29,754 was spent, and for 1948, \$35,100, of which 90 percent is for advisory services.

#### RECOMMENDATIONS

*Bureau of Medical Opinions.*—The control of advertising is quite as important as proper labeling in regulatory activities relating to food and drugs and the two functions are intimately related. Both should be administered by the Food and Drug Administration with transfer of duties relating to misleading advertising from the Federal Trade Commission.

## Tennessee Valley Authority, Division of Health and Safety

The TVA was created by an act of Congress approved May 18, 1933 (48 Stat. 58; 16 U. S. C. 831-831dd). By Executive Order 6161 of June 8, 1933, there was conferred upon the Valley Authorities the right to conduct investigations to aid in the proper conservation, development, and use of the resources of the region. Authority was also given to TVA to cooperate with State and local agencies and institutions in the valley in order to make possible the fullest effectiveness of its work. In view of this authority TVA has extended its cooperation to the State and local health departments in the Tennessee Valley in the control and prevention of malaria, stream pollution, and in supporting public-health activities by contracts for services to counties of certain Valley States in which potential hazards incident to TVA activities are recognized.

### TVA's PUBLIC HEALTH RESPONSIBILITY

The activities of TVA have brought about environmental changes which directly affect public health. For instance, many acres were flooded. In consequence, health hazards, peculiar to this condition, developed. These changes in the environment obligated TVA to provide health protection for the people of the Valley States from this adverse condition. In certain instances direct responsibility is assumed by TVA. Otherwise, TVA gives financial assistance to State and local health agencies in order to strengthen their present health services to cope with problems created by operations of TVA. The professional staff of the Health and Safety Department plans and administers its health activities in cooperation with State and local health agencies in (a) public health engineering which includes stream and environmental sanitation and industrial hygiene engineering; (b) malaria control and research in malariology; (c) vital statistics and health education; (d) medical care services and hospitalization; and (e) special research projects as, for example, the effects of phosphorus on individuals exposed to elemental phosphorus and its compounds in the fertilizer plants, and nutritional studies of plants and domestic animals conducted by the land-grant colleges of the region in cooperation with the Agricultural Relations Division. For employees' health, prevention is stressed. This includes immunization, periodic health examinations, and health guidance for permanent employees, mental hygiene, and maintenance of health records for every

employee. Medical service is maintained for the diagnosis, treatment, and care of diseases and injury related to employment. In the early years of its preventive health program, TVA aided the PHS in extensive studies on the incidence of tuberculosis, using the assistance of local and State health authorities. The high incidence of this controllable disease has been a barrier to an effective application of TVA's functions and toward the improvement of the general welfare of the valley people.

### *Malaria*

The TVA's program of regional development has converted the Tennessee River into a series of slack-water lakes, where the breeding of malaria-carrying mosquitoes has created health hazards. As the control of malaria has become the responsibility of TVA within flight range of its reservoirs, it has established cooperative and research facilities for study and prevention of the disease. In this connection TVA has established malaria laboratories at Wilson Dam, Ala., for acquiring new knowledge applicable to field control operation and in developing more efficient and economical work methods for the prevention of mosquito breeding and the transmission of malaria. Within the College of Medicine, University of Tennessee, it aids in an integrated research program concerning that part of the life cycle of the parasite spent in man, projects of which have ranged from the management of clinical malaria and the testing of new antimalaria drugs during the war years to present studies of the parasite itself. From a small beginning made in 1937, the university now provides support for the major proportion of the total research project. Other sources of support and cooperation have included the Office of Scientific Research and Development, the Mary Markle Foundation, and the Public Health Service. Support from TVA is now but a small fraction of the total for the project as a whole.<sup>15</sup>

In Alabama a malaria educational program is supervised by a health coordinator with the assistance of the faculty of Florence State Teachers College, and a small amount available from TVA.

In Kentucky, prior to impoundage of Kentucky Reservoir, funds available through TVA contracts with the State health department were used to assist teachers, nurses, and sanitarians to study and teach facts about malaria and its control. Murray State Teachers College provided the educational facilities for this work.

In Tennessee, the Austin Peay State College has also assisted in this special type of educational program.

<sup>15</sup> Tennessee Valley Resources, Their Development and Use, Tennessee Valley Authority, Knoxville, Tenn., December 1, 1947.

The Authority takes the responsibility for mosquito control. This project implies an extensive control of mosquito breeding in reservoirs of the Valley and in areas a mile or so beyond the shore lines. It is estimated that more than 10,000 miles of shore line is controlled against mosquito breeding in areas where actually or potentially malaria constitutes a serious public-health problem. The Valley Authority, in order to reinforce control operations on its own shore line, has from time to time set up cooperative projects with the State sanitary engineers and given financial assistance for planning and developmental work.

The effectiveness of the TVA malaria control program is shown in the reduction of incidence of disease and the widely accepted use of its methods. In the last four years, 1943-47, the incidence shown by surveys has been less than 1 percent as compared with 10 percent found in the first survey of 1938. Well-planned preparation of the reservoirs prior to impoundage, shore line maintenance, water-level management, and extensive DDT aerosol application by airplane have been effective. The Health Education and Information Service of TVA has developed literature on malaria and its control which has been widely used by the armed forces and teaching institutions at home and abroad.

#### *Stream Pollution and Sanitation*

TVA's work in the control of stream pollution and its approach to public health problems of communicable diseases is another example of its health activity. Through its construction program of impounding streams, changes in the character of stream tolerance to pollution occur, thus creating health problems which are also complicated by an expanding industrial development. This situation created for the Valley Authority new opportunities in the field of public health that could not be met all at once by the local and State governments. TVA and the Valley States, in cooperation, are developing effective measures for the control of stream pollution. Instrumental in the controlling of communicable diseases was the enactment of laws in three of the Valley States to control pollution and to conserve the water resources of the area.

One of TVA's fundamental objectives is the development of the Tennessee River as a basic physical resource of the region. In this connection stream sanitation is an important factor. Use of streams in the Tennessee Valley to receive domestic and industrial wastes is a reasonable use as long as limits of stream tolerance are not exceeded. When excessive pollution loads are discharged into these streams, conflicts with other interests arise—for example, fish and wildlife, source of water supply, and recreation. TVA's approach to the pollution problem is based upon cooperation with industrial organizations,

municipalities, and State and Federal agencies in the furtherance of stream sanitation so that all interests may be served.

By the end of 1947, 63 percent <sup>16</sup> of the sewered population within the valley area of Tennessee, Georgia, North Carolina, and Virginia had sewage-treatment plants either planned or in operation. Because of its position as a Federal agency, TVA reviews and approves all plans prepared for water supplies, disposal of sewage and garbage, and the establishment of food and milk standards for TVA villages and construction areas, and also the operation of all such activities, in relation to standards established by State and local agencies. TVA has also provided in part the chemical analyses and other technical services relating to sewage and waste disposal in the Tennessee Valley.

The whole stream sanitation program of the Authority is a cooperative enterprise with the Valley States. For example, consultation is continuously available from the Public Health Service, which also cooperates in certain of the laboratory research and more fundamental problems. The State health department laboratories undertake certain definitive studies as they are able to develop their facilities, and the TVA, as a regional agency, fits in as a component in the program, complementing, but not duplicating, other resources.

#### *Other Activities*

TVA, in cooperation with the Department of Agriculture and the seven land-grant colleges of the Valley States, is conducting a program in the field of agriculture and power utilization. At its Muscle Shoals laboratories the Authority conducts research for improving and cheapening fertilizers, particularly phosphates. In encouraging the widespread use of these materials to build up the fertility of the soil, the program has done much to build up the mineral deficiencies in food. It encourages increased production of livestock and dairy products in the system of diversified agriculture. Likewise, through the use of its electrical power, better methods of preparation, preservation, and storage of foods have increased the year-round supply of foods and made an adequate diet possible.

The nature of TVA's construction activities has made the development of industrial hygiene important; the problems are connected with the potential health hazards of welding fumes, radiant heat, phosphorus and its compound poisons. The Division of Industrial Hygiene of the Public Health Service has cooperated in the planning and evaluation of TVA services, and has supported and encouraged studies related to the control of the environment and safety conditions of the employees.

The application of public health methods to the conservation of

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<sup>16</sup> Annual Report of the Tennessee Valley Authority, 1947.

human resources in the valley is just as dependent upon the availability of trained personnel as upon the existence of basic technical knowledge. To this end, the Authority has cooperated with health agencies and educational institutions of the valley to assist in making possible training programs in the field of health.

In addition to its direct health services, TVA assists both Government and non-Government institutions financially on contractual basis for a specific type of work or investigation related to the problems and responsibilities of TVA. With this help, State and local departments have been able to expand and improve their health services with technical assistance from TVA, and have usually maintained the expansion after withdrawal of TVA support.

TVA has made every effort to stress cooperation with States and local agencies in order to achieve a more unified and effective development of health services. It has supported the idea of State legislation for full-time health department personnel and the consolidation of areas for effective control and for the economic operations of public health activities. TVA's health activities have gone far beyond county and municipal boundary lines in setting up an efficient health service, which is a commendable approach to the national health problems since it provides for utilization of regional experience in the solution of problems which also have national significance.

#### *Obligations.*

The total obligation for the health activities and medical care for 1940, 1947, and 1948 are given in the following table:

*Total obligations of health activities and medical care of TVA*

Items	1940	1947	1948
State aid (including administrative costs): Direct cooperation. Research: Contractual agreements with institutions and individuals.....	\$38,443	\$22,170	\$16,393
Medical care.....	31,309	20,533	17,586
All other (including all-over administrative costs).....	250,554	435,019	392,082
	42,335	112,300	117,352
Total.....	362,331	590,022	543,413

The total TVA payments to health departments of Valley States for health services rendered through contractual agreements represent amounts given to the Valley States, as follows:

	Fiscal years--		
	1940	1947	1948
Tennessee.....	\$13,989.96	\$3,207.97	\$2,070.69
Alabama.....	17,303.08	8,089.12	8,247.08
North Carolina.....	2,500.00	3,038.50	2,015.74
Mississippi.....		1,000.00	1,000.00
Kentucky.....	4,650.68	6,834.56	3,060.00
Total.....	38,443.72	22,170.15	16,393.51



These obligations are not considered as total monetary grants-in-aid as the term is ordinarily defined. The cooperative health program as envisaged by TVA is "one in which it secures services from States and local health agencies in the discharge of TVA responsibility to its employees, and in recognition of temporary aggravation of local health problems resulting from TVA programs."<sup>17</sup>

The contractual agreement between TVA and institutions and individuals for research has been a decreasing item since 1940. For all health-research activities only \$17,586 was obligated for 1948.

### *Personnel.*

The Division of Health and Safety has about 200 employees; of this number about 20 are doctors. Included among the 200 are those engaged in the public health aspects of the program as well as those who provided medical services. In addition to the employees of the Division of Health and Safety, selected members of the work crews are trained to give emergency first aid.

### *Comments.*

In areas where TVA operates, it has assumed health obligations similar to those of both local and State agencies but always cooperatively with such agencies. This was necessary in the beginning of TVA's construction work as the impounding of streams and the shifting of population groups created health problems beyond the control of local health authorities. Thus it became necessary for TVA to provide health protection for people living in the Valley States who were exposed to the hazards of its construction and operational programs. Through the cooperation of Federal, State, and local health agencies working with TVA, great advantages in the technical developments of the Valley States' health program have accrued. However, as the local and State health agencies are able to extend their services to meet the usual functions of State health needs of this area, the health activities of TVA should then be responsible for only those health conditions which its activities have created and which are beyond the normal control and responsibility of the local and State governments. All usual types of local health activities should be carried out on a local and State level with complete responsibility resting with the authorities of State and local governments. To meet this end, TVA has consistently withdrawn its support as rapidly as other agencies could assume the burden. Moreover, it has sought and is still seeking the development of methods and relationships by which problems concerned with its own responsibilities can be dealt with under the administrative management of cooperating health agencies of the valley.

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<sup>17</sup> Personal communication from TVA.

TVA has unique opportunities to stimulate and initiate the development of projects in special fields related to public-health problems of the valley. For example, in nutrition its studies and developmental work stop short of human nutrition, yet this is related to plant and animal nutrition.

#### RECOMMENDATIONS

It is recommended (1) that TVA should continue those activities which prevent adverse effects created by its activities on the region and its people, and (2) that it should continue to operate in the development of those health activities which will enable the region to realize complete health protection, and (2a) that insofar as it is possible within the framework of its cooperative relations with health agencies of the area, it should consider the desirability of appropriate activity in this and other fields when opportunities for constructive collaboration in useful projects occur.

References: Personal communication of June 9, 1948, with attached mimeographed reports. Annual reports, 1947. County Government and Administration in the TVA, July 1940. Cooperative Health Program of the TVA by O. Merton Derryberry, M. A., August 17, 1943. The TVA Lessons for International Application by Herman Finer, International Labor Office, Montreal, 1944. Personal communication of August 20, 1948, from E. L. Bishop, M. D.

## Federal Works Agency

The Federal Works Agency was established by the President's Reorganization Plan No. 1, of April 25, 1939, under the provisions of the Reorganization Act of 1939. It was created to consolidate the various agencies of the Federal Government whose functions dealt with the engineering and the construction of public works "not incidental to the normal functions of other departments." The Federal Works Agency consists of the Office of the Administrator and a Commissioner for each of the offices of Public Roads, Public Buildings, Community Facilities, and staff officers. The Bureau of Community Facilities plans programs that are concerned with health activities under two separate authorizations: (a) The activities that were provided for under the Lanham Act,<sup>18</sup> and (b) under the Advance Planning Program as authorized by title V of the War Mobilization and Reconversion Act.<sup>19</sup> Under titles II and IV of the Lanham Act and as amended provision was made for the Bureau to provide both physical facilities and general assistance to States and localities in aiding them in their problems of water supply, sanitation and recreation facilities, hospitals and health centers, and in other health activities for the common good.

The résumé of the activities of the Federal Works Agency authorized under titles II and IV of the Lanham Act give some idea of its public services related in part to the field of public health.

As of June 30, 1946, 874 projects for construction of hospital facilities under this program had been approved. Such facilities were estimated to cost \$120,987,093, of which amount Federal funds equaled \$93,813,891. Closely allied with the hospital construction were 90 projects for construction of child-care facilities estimated to cost \$3,080,340, of which amount Federal funds totaled \$2,992,595. Four hundred and fifty-nine projects for provision or extension of water supply were approved. These projects were estimated to cost \$103,934,841, of which amount Federal allotments totaled \$79,263,694. Four hundred and forty-six projects for construction or extension of sewage collection and treatment facilities were approved. These projects were estimated to cost \$65,509,678, of which amount Federal allotments totaled \$53,914,413. Seven hundred and twenty-six projects for construction of recreational facilities were approved. Estimated total cost of such construction equaled \$31,847,458. The Federal allotment toward such construction equaled \$30,819,742.

In addition to the construction of physical facilities, the Bureau provided essential service for hospital operation at 99 locations. Such service included

<sup>18</sup> The Federal Works Activities of the Lanham Act are now in the process of liquidation.

<sup>19</sup> The provisions of the War Mobilization and Reconversion Act of 1944 terminated on June 30, 1947, insofar as advances to local Government agencies were concerned.

a large venereal disease rapid treatment program. The estimated total cost of these services amounted to \$25,515,626; the Federal allotment equaled \$16,304,142. In addition, service for 828 child-care projects were approved at an estimated total cost of \$76,177,742, toward which amount the Federal Government provided \$51,131,872. No services were given in the maintenance or operation of the water or sewer facilities furnished. However, 273 projects for recreational services were approved at an estimated total cost of \$12,788,425. Federal allotments toward this cost equal \$7,387,968. Most of the service projects were closed by June 30, 1946. All such projects were closed prior to December 31, 1946.<sup>20</sup>

Under the provisions of title V of the War Mobilization and Reconversion Act, Public Law 453, the Agency, acting through the Bureau of Community Facilities, provided additional wartime health services which are as follows:

A total of 7,144 applications were approved under this program covering advances in the amount of \$59,433,644. Of this total, 221 projects were for the design of hospitals and health facilities. Advances on these 221 projects totaled \$3,865,030. The estimated construction cost of the facilities for which such advances were made totaled \$111,362,714. When costs of land and right-of-way, equipment, plan preparation, and other costs are added to the construction costs, the total estimated cost of facilities to be provided equals \$137,638,078. Three thousand four hundred and seven advances for planning of sewer, water and sanitation facilities were approved in the amount of \$23,060,309. Such advances were for the planning of work whose estimated construction cost equaled \$902,301,182. When other necessary costs are added to this amount, the total estimated cost of the proposed facilities equals \$1,050,063,567. Two hundred and forty applications for the planning of parks and other recreational facilities were approved in the amount of \$1,753,338 to plan work whose construction costs were estimated to equal \$59,037,911, and the total cost of which was estimated to equal \$68,583,022.

Prior to the approval of any application for an advance under the advance planning program, the financial ability of the applicant to construct such facilities was reviewed and reasonable assurance obtained that the applicant not only would be able to finance the proposed construction but intended to do so as soon as materials and manpower became available. As of April 30, 1948, none of the projects for planning of hospitals and health facilities had resulted in the award of contracts or start of construction and repayments in the amount of \$60,371 made to the Federal Government. The total estimated cost of the facilities placed under construction equaled approximately \$2,600,000. Three hundred seventy-one of the sewer, water, and sanitation facility projects have been started, and repayments of \$1,212,823 made to the Government. Estimated total cost involved in this category equaled \$76,728,000. Sixteen of the park and other recreational facility projects had been placed in operation and repayments of \$29,944 made to the Government. Estimated total cost of the facilities being provided equaled \$1,375,000.<sup>21</sup>

Along with the activities as outlined above, the Federal Works Agency in administering the Lanham Act provided funds for a

<sup>20</sup> Personal communication of May 27, 1948.

<sup>21</sup> Personal communication of May 27, 1948.

child-care program at a total cost of \$77,931,366 of which the Federal Government provided 66.62 percent of the total.<sup>22</sup>

The wartime health activities of the Federal Works Agency extended also for (a) construction of recreational services for both civilian and servicemen, (b) hospitals and venereal disease rapid treatment centers in cooperation with the over-all venereal disease program of the Venereal Disease Division, Public Health Service.

While most of the Federal Works Agency wartime health activities have ceased, the favorable results of these activities have suggested programs for the continuation of its services in cooperation with the Public Health Service.

Of primary interest is the passage of the Hospital Survey and Construction Act, bill 191, otherwise known as the Hill-Burton Act, approved August 12, 1946. This bill provides for hospital planning and construction along the general pattern laid down by the Lanham Act. (For details of this bill 191, see Public Health Service, Division of Hospital Facilities, p. 201.)

Of third importance is the passage of the Water Pollution Control Act (S. 418), which recognizes the primary rights of States (1) to control pollution; (2) to support research and to devise methods of treatment; (3) to provide Federal technical services to States, interstate bodies, and industry; and (4) to provide financial aid in the exercise of the abatement program. This act provides furthermore for cooperation of the Public Health Service with the Federal Works Agency. The act sets up the following division of responsibilities between the Surgeon General of the Public Health Service and the Administrator of the Federal Works Agency.<sup>23</sup>

*Surgeon General*

1. Prepare comprehensive programs for pollution elimination.
2. Make joint investigation (joint with other Federal or State agencies) of sewage discharge.
3. Encourage action by States for elimination of pollution; collect and disseminate information on pollution; support and aid research in treatment methods; report results of surveys and investigations.

*Federal Works Agency*

1. Make loans to States or municipality for construction of works, and for preparation of plans.
  - 1a. Project must be on PHS program.
  - 1b. Limited to 33½ percent of cost or \$250,000 (smaller).
2. FWA and PHS shall review all reports of examination, research, investigations, plans, studies, and surveys; also loan applications.
3. Consideration to be given to: (In considering desirability of works) public benefits, propriety of Federal aid, relation of cost and maintenance necessity, adequacy of provision to maintain and operate.

<sup>22</sup> Personal communication (Mimeo. Rept., pt. 3, May 27, 1948). For Report of Maintenance and Operation in Child Care Facilities under the Lanham Act, under Report on the Development and Scope of War Public Services.

<sup>23</sup> Source: Office of Federal Works Agency.

*Surgeon General*

4. Advise States and offender of public nuisance created by discharge of pollution. Ultimately, bring suit; to abate if State fails to.
5. Conduct investigations and surveys upon request of State.
6. Water Pollution Control Advisory Board.
7. Authority to appropriate to Federal Security Agency: 22,500,000 annually 1949-53—5 years, for loans for construction:  $5 \times 22,500,000 = \$112,500,000 \times 3 = \$337,000,000$  total cost. Also \$1,000,000 annually (5 years) for allotment to States for their investigations, surveys, studies of pollution caused by industrial waste.
8. Authority to appropriate \$2,000,000 per year to FSA for administration.

*Federal Works Agency*

4. Authority to appropriate to FWA \$1,000,000 per year 1949-53 ( $\frac{1}{2}$  or \$20,000) for grants for plans, etc., preliminary to construction.
5. Authority to appropriate to FWA \$500,000 per year administration.
6. Authority to make request of FSA for transfer of appropriation made for loans.
7. Administer bonds.

The sum of \$75,000 has been appropriated for the administration of this act for 1949.

The act authorizes the Surgeon General of the Public Health Service to prepare programs for the elimination of stream pollution and improving sanitary conditions of surface and ground water, and, furthermore, grants authority to the Federal Works Agency to extend Federal aid in the form of loans to States, localities, or other public bodies for the construction of necessary sewage treatment plants and for the preparation of engineering reports, plans, and specifications. In making loans, the Federal Works Administrator shall adhere to the order of projects or their priority as determined by the Surgeon General and that the engineering plans and details of construction conform to the project as approved by the Surgeon General. Under this bill, the Public Health Service functions as the controlling and operating power with the Federal Works Agency acting as its banker.

What appears to be at cross-purposes and quite distinct in its philosophy of government is the difference between the above act and the Hospital Construction Act, in which the Division of Hospital Facilities of the Public Health Service has the responsibility of administering the law and the allotment of funds to States for surveys of hospital needs, and for the planning and construction of hospitals and health centers. To meet these requirements the Public Health Service prepares architectural standards and maintains a specific staff of architects to provide blueprints and construction details to applicants for construction funds. While much of the construction is, no doubt, done on a State level, duplication of architectural and construction services is most evident.

As a matter for comparison of Government operation, the Committee on Public Buildings and Grounds of the Seventy-ninth Congress, dealing with similar problems of duplicating of services between the Office of Education and the Federal Works Agency, decided that the Office of Education should determine its needs and then certify these needs to the Federal Works Agency, which would then be responsible for the engineering and construction program within the limits of the needs as certified. The Committee was confident that the two agencies working together could do better work than either alone. It would also add efficiency and save money in eliminating the duplication of services. This view was endorsed by the Federal Security Agency, by the Federal Works Agency, and finally was accepted by the Seventy-ninth Congress and by the President.

In conclusion, there is no useful purpose to be served by assigning engineering and construction functions to a public health agency when such facilities have already been established by law and provided for within the Federal Works Agency. The adjustment of the working conditions between Education and Federal Works Agency is logical and the principle of specific responsibility should be applied in all cases. The Public Health Service should be responsible for its health aspects, including the planning of hospitals, and the Federal Works Agency should be responsible for the engineering and construction aspects of the public health program.

### *Obligations*

The only funds obligated for 1947 and 1948 for health activities by any bureau of the Federal Works Agency were the amounts for construction of Marine hospitals and for repair of these hospitals by the Public Buildings Administration. The amounts obligated for this purpose for each of the specified years are as follows:

Item	Fiscal year <sup>1</sup>		
	1940	1947	1948 <sup>2</sup>
Total.....	\$3,013,584	\$446,364	\$893,270
Construction.....	2,850,636	1,774	3,206
Repair.....	162,948	444,590	890,064

<sup>1</sup> SOURCE.—Federal Works Agency, Aug. 31, 1948.

<sup>2</sup> Reports from all division offices.

### RECOMMENDATIONS

1. Actual construction of hospitals should be the function of the Federal Works Agency.

2. Public Health Service may well be responsible for studying needs, indicating hospital standards, and types of construction in the field of health.

3. Agencies such as the Public Health Service should not operate such facilities as the Federal Government maintains in other agencies for direct services, as in the field of construction.

4. Cooperative construction programs when the Federal Government participates on the grant-in-aid basis or as a lending agency and where the actual construction is carried on by the State and locality are in a somewhat different category from Federal construction per se. Under such circumstances the administrative rules of the Federal Works Agency or the Public Health Service should be determined by decision as to whether the major role of the Federal Government is that of construction or assistance with the determination of needs and priority and the fixing of standards.



## Atomic Energy Commission

Aside from the Commission's "paramount objective of assuring the common defense and security" of the Nation, the Atomic Energy Act of 1946 (60 Stat. 756; 42 U. S. C. 1802) provides for the "improving of public welfare and increasing the standards of living" in so far as it is practicable in the utilization of atomic energy. Its work in the field of disease control has a direct bearing upon the individual health. The most striking advances are being made through the use of radioactive materials in medicobiology alone, holding promise more effective perhaps than atomic power itself. The tracer elements are now used as tools for the study of disease and in determining the actions of biologics and drugs upon the diseased cells of the body. In these studies the work of the Commission is concerned with health and the problems of disease control and prevention.

The act provides for a general manager, whose appointment is subject to Senate confirmation, and a General Advisory Committee appointed by the President. By provision of the act, a Military Liaison Committee, representing the Army, Navy, and Air Force, is detailed by their respective Secretaries for consultation on all matters related to military application. A Congressional Joint Committee on Atomic Energy, composed of 9 members of the Senate and 9 members of the House of Representatives, has jurisdiction over all bills and other matters in the Congress concerning the work of the Commission on Atomic Energy. In order to carry out the health and medical care program of the Commission, a Division of Biology and Medicine is provided.

### *Health Activities—Research*

The commissioner's medical and biological research program divides itself into four parts. Medical and biological research is conducted on a major scale at the Commission's own installations, particularly in the national laboratories at Clinton (Oak Ridge), Brookhaven (Long Island) and Argonne (Chicago). Second, a fellowship training program involving 175 fellowships in biology, medicine and health physics has been set up under the administration of the National Research Council. Third, support is given to selected research projects at nongovernmental institutions. About five such projects are administered by the Commission itself and about 60 others by the Office of Naval Research for the Commission. Finally, the Commission has

developed a broad cancer research program which includes distribution of radioisotopes for cancer research, support of cancer research at civilian institutions, establishment of cancer research facilities at the Commission's laboratories, and support of the National Research Council's Committee on Atomic Casualties.

The activities of the Division of Biology and Medicine are chiefly concerned with research insofar as it related to improving public welfare and increasing the standards of living. In helping to provide the professional personnel necessary to carry out a research and medical care program, the Commission supports research fellowships in the Biological Sciences administered by the National Research Council. The purpose of the Commission in granting these fellowships is to provide two types of training: (a) To obtain additional graduate training, and (b) to encourage research for the doctorate in some field commensurate to the trainee's ability in the field of atomic research and development. Any field in the biological sciences in which atomic fission can be applied is open to applicants for these fellowships. The annual basic stipend is from \$1,500 to \$3,000 per year, depending upon the training of the fellow and the progress he has made toward his doctorate. The Oak Ridge Institute of Nuclear Studies offers 1-month training courses for physicians and other scientists. The Atomic Energy Commission has budgeted about \$1,000,000 for the training program in medicine and biology.

The Commission's health and medical program provides laboratories (with a staff of 88 persons) at Oak Ridge, Tenn., where basic studies are made on the effects of radiation, including the genetic and physiological aspect. In the Health Physics Division, detection of radiation in its various emanations is studied. This laboratory has a staff of 40 people. There is also research contact with the University of Tennessee. There is also a public health unit in Oak Ridge, a town of about 30,000 people. A 300-bed hospital provides medical care and hospitalization to the employees of the community.

The Brookhaven National Laboratory at Patchogue, Long Island, with 35 professional personnel, is concerned in the broad biological field of research as it is related to plant and animal ecology and biosynthesis of "labeled" compounds. This laboratory operates a 40-bed clinical research hospital for the application of atomic energy as applied to medical research. Here it is expected cancer research will be carried on.

At the Argonne National Laboratory, staffed with 90 persons, closely affiliated with the University of Chicago School of Medicine, special studies are carried out on radiation sickness and the abnormal body growth reaction to radioactive material. This laboratory will in the near future operate a clinical cancer research unit.

At Hanford, Wash., there is a 100-bed hospital. No research is carried on.

At Los Alamos, N. Mex., there is also a 100-bed hospital which serves the community and conducts research on the prevention of radio-sickness and methods of detecting overexposure. This laboratory has a staff of about 20 persons.

Research is also carried on at various universities and colleges over the country. These research activities extend from the practical to the highly theoretical aspect of the effect of radiation; such as cancer research, air-borne infectious disease, metabolism of the nervous system, atomic energy and the blood cells, and the physiologic and pathologic effects of radioactive elements. In 1948, some 40 colleges and universities conducted research in the medical and health fields cooperating with the Division of Biology and Medicine, at a cost of \$1,422,434.20.

The Commission supports and encourages research in other agencies of the Federal Government. In the National Institutes of Health of the Public Health Service, laboratories have been set up for studies of the effect of radiation on mammalian tissue fractions and the effect of various radioactive elements on the mechanism of the protection against disease.

The Department of Agriculture conducts investigation on the stimulating effect of organic compounds as they can be applied to plant growth.

The Army and Navy medical research program is greatly augmented by the Atomic Energy Commission. In cooperation with the Commission, the Navy conducts research on cancer with radioisotopes. In addition, the Commission has made contracts with private industry in carrying forward research programs on atomic power.

In developing these programs, the Commission has had support from the United States Public Health Service, National Research Council, Army and Navy, as well as other governmental and nongovernmental institutions.

### *Obligations*

The United States Atomic Energy Commission's medical and biological program for the years 1947 and 1948 cost the Federal Government approximately \$6,249,000 and \$16,595,000, respectively. These amounts are broken down into four major categories: (a) Research; (b) training; (c) medical care, and (d) all-over administrative costs. In general, the obligations, as shown in table XXIV, page 245, incurred in 1 year relate to expenditures made in the following year.

TABLE XXIV.—*U. S. Atomic Energy Commission—medical and biological programs obligations<sup>1</sup> for fiscal year 1947 and 1948<sup>2</sup>*

	Fiscal year	Fiscal year
	1947	1948
A. Research:		
1. Direct activities: <sup>3</sup>		
Brookhaven National Laboratory.....	\$0	\$1,550
Argonne National Laboratory.....	41,500	2,411
Oak Ridge National Laboratory.....	41,500	2,572
Hanford Works.....		335
Cancer research units at National Laboratories.....	0	300
Retirations.....		800
Total.....	3,000	7,968
2. Contracts to institutions and individuals:		
Columbia University.....	0	323
Harvard University.....	0	2
Kettering Research Foundation.....	0	20
New York University.....	0	50
Trudeau Foundation.....	0	20
University of Rochester.....	1,452	950
Western Reserve University.....	141	155
Radiation Laboratory, University of California.....	5	350
University of California at Los Angeles.....	340	700
University of Washington.....	160	25
Office of Naval Research and others.....	0	1,895
Atomic Casualty Commission.....	0	750
Total.....	2,098	5,240
B. Training: Fellowships, through National Research Council.....	0	1,100
C. Medical care (net):		
1. Hospitals and clinics:		
Oak Ridge Hospital.....	508	775
Los Alamos Hospital.....	370	426
Hanford Hospital.....	103	286
Total.....	1,071	1,887
D. Administrative costs (estimated).....	80	400
Grand total.....	6,249	16,595

<sup>1</sup> In general, obligations incurred in 1 year relate to expenditures made in the following year.

<sup>2</sup> Neither AEC nor its predecessor agency was in existence in fiscal year 1940.

<sup>3</sup> AEC does not operate any of its laboratories with civil-service employees. The installations listed are operated by contract with various universities and industrial concerns.

<sup>4</sup> Obligations applicable to medicine and biology equal to 60 percent of 1948 (estimated figure).

REFERENCES.—A. E. C. Research Contracts Administered by O. N. R. in Biology and Medicine. U. S. Atomic Energy Commission, Report to the Congress, July 22, 1947, 2d Semi-Annual, 1947. Personal communications, May 2, 1948, and July 16, 1948.

## Housing and Home Finance Agency

The National Housing Agency, now called the Housing and Home Finance Agency, was created by Executive Order 9070 in an attempt to consolidate the agencies of the Government interested in housing functions and activities which were formerly supervised by the 17 or more agencies and administrative units. At present this agency is composed of two major administrations, the Federal Housing Administration and the Public Housing Administration, which conducts projects that are related to health.

The Federal Housing Administration, established by the National Housing Act (48 Stat. 1246; 12 U. S. C. 1702) approved June 27, 1934, and as amended, develops (1) model uniform plumbing code, (2) conducts investigations through a joint project with the Public Health Service of design problems in connection with individual sewage-disposal systems, and (3) consults with the Public Health Service with respect to sanitary engineering aspects of the Veterans' Emergency Housing programs. It also establishes standards in connection with health, safety, and sanitation applicable to the construction and operation of federally owned or aided housing projects. These standards are made the basis of eligibility for credit aid to private residential construction through mortgage insurance.

In the case of the Public Housing Administration, the primary concern is financial aid for the development of low-rent houses and slum-clearance projects. The primary interest of the Housing Agency in health is to see that all homes under their jurisdiction have proper sanitary facilities.

### *Obligations*

The office of the Administrator has spent for technical studies and testing programs bearing directly on the field of public health, safety, and sanitation, the following amounts: <sup>24</sup>

	1947	1948	Total
Uniform plumbing code.....	\$13, 450	\$43, 000	\$56, 450
Individual sewage-disposal systems.....	30, 000	70, 000	100, 000
Consultation—sanitary engineering.....	57, 039	3, 000	60, 039
	100, 489	116, 000	216, 489

The total number of employees of the Housing and Home Finance Agency is 11,574, of which approximately 4,747 are in the Federal Housing Administration.

<sup>24</sup> Communication from Housing and Home Finance Agency, September 17, 1948.

## Department of Agriculture

In brief, the Agriculture Department arrived at its present organization by an orderly evolution in response to many acts of Congress. It had its small beginning in the Patent Office, then in the State Department during the year 1830. By 1839, the first provision was made to expend \$1,000 out of its current income for agricultural purposes. The bill establishing the Department was approved by Congress on May 15, 1862 (12 Stat. 387; 28 U. S. C. 392; 5 U. S. C. 511, 514, 516, 519, 557), but not until February 9, 1889 (25 Stat. 659; U. S. C. titles 5, 21, 26, 39) were the duties of the Department enlarged. Agriculture was made an executive department of Government and the commissioner became the Secretary of Agriculture. Public Health significance was first enjoined in the Bureau of Animal Industry "to prevent the spread of contagious diseases among domestic animals."

The Secretary of Agriculture has two under secretaries and staff officers, who act as a cabinet for the Bureau of Agricultural Economics, and the Directors of Agricultural Economics, Finance, Foreign Agricultural Relations, Information, Personnel, Office of Plant and Operations, the Solicitor and the Chief Hearing Examiner in policy making and program planning.

In Agriculture there are 18 agencies (bureaus and services) which are sufficiently concerned with health to designate financial support, and which merit some description of their health activities. In the Bureaus of Human Nutrition and Home Economics, of Animal Industry, of Agricultural and Industrial Chemistry, investigations related to health constitute a large part of their programs. In the other bureaus, health activities per se can be regarded as only incidental to their functional activities. For example, the activities of the Extension Service, which is principally educational in scope, are generally related to rural health problems, and for which the Service spent in 1948, \$2,847,120. The regulatory functions and research projects in a few of the agencies bear upon health protection and the improvement of health. Through the Farm Credit Administration, which specializes in rural health cooperatives and other health programs, health activities are facilitated and directly promoted. In the Office of Personnel medical care is provided for the personnel of the Department.

## AGRICULTURAL RESEARCH ADMINISTRATION

Eight of the 22 services and divisions of Agricultural Research Administration conduct activities that have a direct bearing on health.

### *Bureau of Human Nutrition and Home Economics*

The Department of Agriculture was authorized by Congress to develop research in the field of human nutrition as early as 1894. The first directive was to the Secretary of Agriculture to investigate and report upon the nutritive value of commodities used as human food, and to prevent waste and a more economical use of these commodities. Not until 1924 was the Bureau of Human Nutrition and Home Economics created by the Agriculture Appropriation Act.<sup>25</sup> See Nutrition Chapter II, page 74.

The National Institute of Health also conducts research in nutrition, particularly in relation to disease prevention. The Department of Defense faces nutritional problems in supplying and feeding personnel of the armed forces. Food industries also are concerned with the nutritive value of food products and their uses for human consumption.

*Obligations.*—For the support of the Bureau's health activities the sum of \$155,040 was expended in 1940; by 1947 it was \$487,960; and in 1948, \$628,400 was appropriated.

*Recommendations.*—The Bureau of Human Nutrition and Home Economics is well placed in the Department of Agriculture. The overlapping in the nutritional studies of the Bureau with Public Health Service and other agencies of the Government, is small in comparison with the interrelationship of the Bureau's scientific cooperative work with the experiment station, Extension Service of the Department of Agriculture, and with land-grant colleges that work closely with this Bureau. The Bureau cooperates in a wide field of activities with Federal and State agencies as well as with nongovernmental agencies.

### *Bureau of Animal Industry*

Many of the functional responsibilities of the Bureau of Animal Industry are directly and indirectly related in many aspects of its activities to health. The Bureau is chiefly concerned with the protection and development of the livestock industry in the United States; it conducts research on the etiology, control, treatment, and prevention of animal diseases, which in some cases directly affect the health of man. The Bureau has regulatory powers in animal quarantine and

<sup>25</sup> The bureau was created by an act, 43 Stat. 1289, and in accordance with Research Administration Memorandum 5, pursuant to an Executive Order 1069, and in conformity with Secretary's Memoranda 960 and 986.

the Virus-Serum-Toxin Act. Also in the Meat Inspection Act, the Imported Meat Act, Renovated Butter Act, all of which affect health protection. It has made outstanding discoveries in the transmission of diseases by insects, the effect of cattle tuberculosis on man, the use of tuberculin tests for tuberculosis, and the various studies on livestock diseases which are transmitted to man, as trichinosis and other parasitic diseases, and milk-borne diseases, as undulant fever.

*The Tuberculosis Eradication Division.*—The Tuberculosis Eradication Division of the Bureau directs its activities to livestock tuberculosis control and the eradication of brucellosis in cattle, commonly known as undulant fever in man. The effectiveness of the cattle tuberculosis control program can be recognized in the reduction of the disease—approximately 5 percent in 1918 to 0.2 of 1 percent in 1947.

*Regulatory.*—The regulatory functions of this Bureau designed to protect the public health include inspection of all meats intended for shipment in interstate commerce; the control of biologics used for the treatment of animal diseases; the examination of livestock entering this country; inspection and testing of animals and meats for export; and the inspection and disinfection of animal byproducts. See *Foreign Quarantine* chapter II, page 105.

The Meat Inspection Service implements its regulatory powers within the various diseases of animals as a health-protection measure, and in the causes of the spoilage and poor-keeping qualities of meat. The Division also investigates the toxicity of synthetic resins and other materials used in the wrapping of meat products; the chronic toxicity of chemicals used in animal fats to retard rancidity. In addition, to assure a wholesome meat supply to the consuming public, the Bureau conducts investigations on the effect of disease-producing bacteria, toxins, and parasites.

*Obligations.*—It is not possible to allocate with any degree of accuracy funds devoted to public health protection because the research work of the Division is concerned with the health of livestock. However, in the Meat Inspection Division some \$5,433,000 was made available in 1940. In 1947, the actual cost of this function of the Bureau amounted to \$10,400,000, and in 1948, an obligation of \$11,200,000 was made for this service. A total of 6,914 persons are employed.

*Cooperation.*—As the work of the Bureau of Animal Industry is important in the promotion of public health, the Public Health Service cooperates with the Bureau in many of its activities, and also assists in conducting services to determine the transmissibility of animal diseases to man. Cooperative agreements are made with livestock sanitary officials of all States. Some activities of the Bureau are technical and specific in nature. There is very little overlapping or duplication of service.



## *Bureau of Agricultural and Industrial Chemistry*

The Bureau of Agricultural and Industrial Chemistry was organized in 1942 and in conformity with Secretary's Memoranda 960 and 986 as a research organization. It conducts investigations in the field of chemistry, physics, and biology in relation to agricultural products and methods of finding new uses for them. A portion of its research activities is related to health.

Of those activities, the increased production of penicillin through the use of corn steep liquor has been of great importance. The Bureau's discovery of the antibiotic "tomatin," which has proved effective in the control of fungi in both plant and animal is of vital significance. The research in the development of subtilin, now experimentally used in the treatment of bovine mastitis and human tuberculosis is under way, and, in addition, the Bureau has developed rutin, a drug effective in the control of capillary fragility and in the treatment of radiation injuries, control of botulinum and Salmonella food poisoning organisms; and production of vitamins from agricultural products. The research as outlined above is carried on in the general course of the Bureau's research activities. The discoveries applicable to human health are only incidental to its functional activities. No information is currently available in Washington, as to what percent of the 1947 appropriation of \$8,210,337 might be legitimately considered used for direct health purposes, nor is the time available to survey the individual projects in the various experiment stations which contribute to health protection.

### *Office of Experiment Stations*

The Office of Experiment Stations, established on March 2, 1887 (by act, 24 Stat. L., 440) has supervision over Federal-grant and research contracts for agricultural research as provided for by the Hatch, Adams, Purnell, and supplementary acts and title I of the Bankhead-Jones Act. The Office reviews project proposals initiated at States' levels in regards to their conformity to these laws, to their provision for adequate personnel and for effective investigation, and to coordinate their research with that carried on within the Department of Agriculture. The responsibility for conducting the research rests entirely with the State experiment stations involved if it conforms to the condition of the act. All projects are reviewed annually in cooperation with the project leader.

At present, in the various State experiment stations over 45 research projects in the field of nutrition and rural health are under way.

*Obligations.*—In 1930 and in 1947, the sums of \$29,008, and \$37,790 were expended for the health activities of the Office of Experiment Stations, respectively. In 1948, the sum of \$194,000 was appropriated

for the same purpose. In the Hatch, Adams, and Purnell Act no matching of funds by States is required. The Bankhead-Jones Act required matching in full, while the Research and Marketing Act of 1946 required 72 percent of direct allotments to be matched in full.

#### *Bureau of Dairy Industry*<sup>26</sup>

Two divisions in this Bureau have activities related to public health protection: The Division of Nutrition and Physiology and the Dairy Products Research Laboratories Division. These divisions conduct chemical, bacteriological, nutritional, and technological investigations in the production and handling of milk. The investigations of the two divisions are related to (1) the practices and processes for the production of dairy products; (2) methods of producing milk for human nutritional purposes; (3) regulatory function in the manufacture or processing of renovated butter.

The Bureau cooperates with State agencies in the promotion and use of pasteurized milk.

In 1948, the sum of \$570,096 was spent for activities related to health. On June 30, 1948, approximately 282 persons were employed.

#### *Bureau of Entomology and Plant Quarantine*<sup>27</sup>

The Bureau conducts researches that have direct bearing upon the control of insects, vectors of human diseases and of insect pests and plant diseases that constantly threaten our food production. The control of insects that transmit such diseases as malaria, dengue, typhus, filaria, plague, Rocky Mountain spotted fever, and intestinal diseases will eventually reduce the incidence of these diseases if not the elimination of them. Thus, the work done incidentally by the Bureau attacks fundamentally the problem of health protection.

The activities related to health protection are conducted by the Divisions of Insects Affecting Man and Animals and the Division of Control Investigation which conducts investigations in close cooperation with States, and other agencies and at the laboratories located in Georgia, Florida, Oregon, Texas, and Maryland; Divisions of Insecticides, Insect Identification and Bee Culture are conducting researches that are incidentally related to health. The Division of Bee Culture, in cooperation with the Public Health Service, have discovered promising antibiotic agents that may be utilized in combating diseases of man,

<sup>26</sup> The Bureau of Dairy Industry was established by the act of May 29, 1924 (43 Stat. 243; 7 U. S. C. 401).

<sup>27</sup> The Bureau was created by an organizational merger provided in the Agricultural Appropriation Act of 1935 (48 Stat. 467).

*Regulatory.*—The Bureau's regulatory functions enforce quarantine and restriction orders which prohibit or regulate the importation or interstate movements of injurious insects and plant diseases. It cooperates with Federal, State, and local agencies in its enforcement programs.

*Obligations.*—For health and related activities the sum of \$63,000 was spent in 1940. In 1947, the sum of \$48,100 was spent, and in 1948, a total of \$44,300 was appropriated. For the research on antibiotics associated with honey bees, \$18,500 was appropriated.

*Bureau of Plant Industry, Soils, and Agricultural Engineering*<sup>28</sup>

The investigations of this Bureau are essential to the improvement and promotion of the general health and welfare of the people. Through its work on methods to improve crop and soil management in order to supply a higher quality of food, feeds, and vegetable oils, and its investigation on the cultivation of medicinal plants, condiments, insecticides, etc., the bureau contributes to general health. It is not feasible to assign any definite portion of the funds available to this Bureau totaling \$9,437,730 in 1948, for public health protection activities.

#### FARMERS HOME ADMINISTRATION

The primary function of the Farmers Home Administration is the extension of supervised credit through which loans are made to low-income farmers. These loans may be used for (1) the purchase, enlargement, or improvement of family type farms, (2) needed farm supplies, seeds, livestock, etc., and (3) defraying costs of family medical care, and helping the family to meet their general health problems including health education, health care, and sanitation. State and county offices recommend policies and procedures that will insure better living and health conditions for farm families. The only full-time health services are given by staff members attached to the Health Services Section of the Production Loan Division, under the direction of a chief medical officer assigned from the Public Health Service as a technical health adviser. State directors and county employees keep local health agencies informed about the health problems of borrowers and aid them in obtaining assistance. FHA cooperates with State Extension Services, Experimental Stations, State Colleges of Agriculture and PHS.

<sup>28</sup> The bureau was created through the coordination of the Bureau of Plant Industry and the Bureau of Chemistry and Soils. This change was reflected in the Agricultural Appropriations Act of 1940. U. S. Government Manual, 1947, p. 264.

The Farmers Home Administration has in the past provided the following health services incidental to making and servicing the loans, although at the present time this work has been largely curtailed.

*Assistance in obtaining needed medical care.*—Through the aid of the loan the borrower has the privilege of participating in a group prepayment plan which provides for medical and dental care and hospitalization at a nominal cost, or obtaining health and medical service on any other basis. As a matter of interest, 787 counties throughout the Nation, with a total of 38,408 families participating, had established group health associations in 1947.

*Environmental sanitation.*—Proper sanitation, an adequate and pure water supply and protection against insect pests are among the basic health measures that can be provided through the loan of the Administration. The borrowers are advised on how to make necessary improvements and are furnished with construction plans for making those improvements.

*Assistance toward improved diets.*—The Farmers Home Administration also encourages the production of an adequate food supply for family use. Supervisors from State and local offices advise on quantity of food crops, milk, meat, and eggs necessary for an adequate and well-balanced diet.

*Referral to local agencies providing health services.*—Supervisors of local Farmers Home Administration offices encourage borrowers to use local and State health agencies for their health services. This may include maternity and child health clinics, school health programs, and immunization against preventable diseases.

*Referral of cases for vocational rehabilitation.*—The services provided by the Farmers Home Administration with respect to the handicapped borrowers or members of their families are references to State institutions for corrective medical treatment. Some 1,900 such cases were referred to corrective institutions in 1947.

*Obligations.*—In 1940 the sum of \$3,577.803 was spent for health activities under authority which existed under the Farm Security Administration. During this period, the FSA's health activities constituted an important phase of its rural rehabilitation program. This sum does not, however, include grants to individuals for health protection as no records were maintained showing distribution of grants by purposes. By 1947, a total of \$230,723 was spent. In the meantime, the Farm Security Administration was liquidated. By 1948, only \$8,413 was spent on health activities. It should be recognized that the FHA serves only a portion of the health needs of its borrowers who constitute only a small segment of the Nation's total farm population.

## FARM CREDIT ADMINISTRATION

The health activities of the Farm Credit Administration are only incidental insofar as it "assembles information concerning specialized rural health cooperatives and other health programs in which farmers' cooperative associations participate. In this capacity it collects and analyzes such factors as costs, benefits, and general effectiveness of the prepaid service or insurance plans as they are used by rural cooperative groups." In 1947, the total expenditures which could be assigned to health promotion were \$2,367, and in 1948 a total of \$3,880 was spent for this work.

## PRODUCTION AND MARKETING ADMINISTRATION<sup>29</sup>

The Production and Marketing Administration has objectives that are not primarily health purposes; however, their importance in the protection of health is well recognized.

It operates through three branches, Dairy, Food Distribution, and Poultry, all of which administer services related to the wholesomeness and purity of foods.

Under the Food Distribution Program Branch, the school lunch program is administered under an appropriation for 1948 of \$87,200,000. This program is considered educational and is fully described under the educational report.<sup>30</sup> The report recommends:

That the responsibility for the administration of the National School Lunch Act should be placed in the Federal educational agency; except (2) the direct purchase and distribution of foods for price support and the listing of foods in abundance for priority purchase, when necessary, should be retained in the Department of Agriculture, (3) subsidy should be made available to State departments of education \* \* \* [and] (4) the nutritional aspects of the program, although carried out by the Federal educational agency—should be done with advisement from the best informed agency of the Government in nutrition matters.

A fourth branch, the Livestock Branch, deals with regulatory powers concerning the manufacture of insecticides, fungicides, rodenticides, and disinfectants. For activities of this administration in nutrition program planning, see chapter II, page 78.

<sup>29</sup> The Production and Marketing Administration was created by Secretary's Memorandum 1118, August 18, 1945, under authority of section 22 of title 5 of the U. S. Code, Executive Order 9577, June 29, 1945, and related Executive orders.

<sup>30</sup> Federal Policy and Organization for Education, a report prepared for the Brookings Institution as a part of its larger studies concerning Federal welfare activities for the Commission on Organization of the Executive Branch of the Government, by Hollis P. Allen, August 25, 1948.

*Total cash for activities related to health protection in the Production and Marketing Administration*

	1918	1917	1910
Branches:			
Dairy—inspection service	\$570,096	\$575,681	\$57,428
Nutrition program	301,000	40,000	
Livestock—meatfields, etc.	368,500	253,500	193,180
Poultry—improving egg-processing facilities	18,600	1,500	
Total	987,196	910,681	250,608
School-lunch program	87,200,000	81,636,149	12,646,656

<sup>1</sup> Of which \$51,000,000 were State grants, and \$36,000,000 for direct operations.

The Administration employs 9,380 persons.

### COOPERATIVE EXTENSION SERVICE <sup>21</sup>

The Cooperative Extension Service develops educational programs to improve the economic welfare, nutrition and health, family and community life of rural people. In principle, the Extension Service functions as a distributing agent for all technical knowledge developed in the other agencies of the Department of Agriculture. The activities of the Service function in cooperation with health organizations and agencies and professional groups on the basis of State and county needs.

#### *Activities*

The activities of the Extension Service related to health are:

1. *Food and nutrition.*—This program includes new methods of food preparation and preserving, planning, and preparing meals to meet human needs, planning for the school lunch, and training of personnel.

2. *Home and environmental sanitation.*—Programs designed in this field have to do with modernizing plumbing, drainage, and general sanitary measures for the prevention of filth-born diseases.

3. *Rural health services.*—The Extension Service in 1946 began to develop a health educational program to bring the benefits of modern health measures to rural people. This program is developed in close cooperation with Federal and State agencies, voluntary health organizations, and local professional groups.

4. *Livestock disease control.*—The educational effort to interest rural people to control the spread of livestock disease, such as Bang's disease and tuberculosis, have an important relationship to public health protection.

<sup>21</sup> Provision for the Extension Service in the Department of Agriculture was made in the Agriculture Appropriation Act of 1924 (42 Stat, 1289), and Secretary's Memorandum 436, effective July 1, 1923.

The Extension Service feels that it has a "responsibility in aiding people to improve their health and medical services" and that the Extension Service specialists in rural health should . . .

develop, on the basis of the survey of needs, a plan of action with short-time and long-time goals which will lead to the realization of a comprehensive health service. To direct groups to resources, local, State, and national, to which they may turn for technical advice in planning this program, [and] to undertake specific projects, ranging from such simple measures as immunization clinics and better school health services, to the more complex programs of procuring medical personnel, expanding public health services, constructing hospitals and health centers, and organizing prepayment plans for medical care—all of which are important parts of a comprehensive health service for all rural people.<sup>32</sup>

### *Obligations*

In 1940, through State aid (including administrative cost) the sum of \$1,944,845 was spent for health activities. In 1947 and in 1948, expenditures for the same purposes were \$2,956,990 and \$2,847,120, respectively. Extension personnel cooperating with but not paid by the Department of Agriculture is 11,778 (as of June 30, 1947).

### BUREAU OF AGRICULTURAL ECONOMICS <sup>33</sup>

This Bureau is primarily concerned with the collection and distribution of agricultural statistics. It is concerned with the number and type of farm accidents and their economic significance in relation to farm production. It also conducts statistical analysis of the available medical personnel and services and type available; and the incidence of disease, patterns of health care, and death rates that occur in rural areas. The Bureau cooperates with land grant colleges in determining the health needs of rural communities.

*Obligations.*—In direct health activities the bureau spent in 1947 for statistical analytical studies the sum of \$24,200. In 1948, for the same studies and rural health needs, a total of \$23,000 was appropriated.

### OTHER AGENCIES OF THE DEPARTMENT OF AGRICULTURE

Certain other bureaus and services are remotely related to health activities per se, and on which no definite monetary valuation can be placed. Three of these agencies, Soil Conservation, Forest Service, and the Rural Electrification Administration, conduct activities that have significant protective health application. In soil improvement,

<sup>32</sup> The Extension Service's Responsibility in Aiding Rural People To Improve Their Health and Medical Services, U. S. Department of Agriculture, Extension Service, Washington, D. C., July 1947, p. 12. Statement approved by the USPHS.

<sup>33</sup> The bureau was established by the Agricultural Appropriation Act of 1923 (42 Stat. 532; 7 U. S. C. 411).

whereby more and better nutritional food crops are developed, health is the end result. The science of biodynamics has grown out of the belief that food grown on better soil produces better health.

The Forest Service is the safeguard of the health of those individuals who use the "great outdoors" as a source of recreation. Sanitation standards recommended by the Public Health Service and the Joint Committee on Rural Sanitation guide the engineers of the Forest Service in maintaining such safeguard as the disposal of garbage and sewage, and policing and enforcing sanitary laws. REA programs provide electric service which enables the farmer to make use of refrigeration and modern sanitation, etc., which contribute to health protection.

*Obligations.*—The compilation of the total health expenditures of the various agencies of the Department of Agriculture is significant only in showing the range and the estimate of the expenditures of the public health activities in the Department of Agriculture. Some of the agencies have functions that are only incidentally related to health and in others no accurate estimate of the cost could be made even though the activities have some relationship to the problem of health or health protection.

All figures and allocations have been supplied by the Bureau of the Budget for the years 1940, 1947, and 1948, and show as far as it is possible the actual expenditures of the various agencies for these specific years.

The expenditures do not reflect always the full extent of the activities as no direct appropriations were made. This is true in cooperative work between agencies and where health activities were formed and financed out of other funds for which no specific appropriations were provided.

Under the agency's school lunch program of the Food Distribution Branch, the sum for each of the 3 years is carried as a footnote on the financial tabulation since the school health program amounting to \$87,000,000 in 1948 has been considered as an "educational project"<sup>34</sup> and no consideration of this expenditure is included in the total health estimates.

The largest expenditure for health protection in the Department of Agriculture is spent for meat inspection. This totaled \$11,200,000 in 1948 as compared with \$10,400,000 in 1947, and \$5,433,000 in 1940.

The second largest expenditure is in the Extension Service. In 1948, the sum of \$2,847,120 was spent as State grants. In 1947, expenditures were somewhat larger, totaling \$2,956,990, and in 1940 only \$1,944,845 were spent as State grants. Comparatively, the other health expenditures were small. The total expenditures for health and medical ac-

<sup>34</sup> See Report in Education, Hollis P. Allen, for a full account of this activity.



The Extension Service feels that it has a "responsibility in aiding people to improve their health and medical services" and that the Extension Service specialists in rural health should . . .

develop, on the basis of the survey of needs, a plan of action with short-time and long-time goals which will lead to the realization of a comprehensive health service. To direct groups to resources, local, State, and national, to which they may turn for technical advice in planning this program, [and] to undertake specific projects, ranging from such simple measures as immunization clinics and better school health services, to the more complex programs of procuring medical personnel, expanding public health services, constructing hospitals and health centers, and organizing prepayment plans for medical care—all of which are important parts of a comprehensive health service for all rural people.<sup>32</sup>

### *Obligations*

In 1940, through State aid (including administrative cost) the sum of \$1,944,845 was spent for health activities. In 1947 and in 1948, expenditures for the same purposes were \$2,956,990 and \$2,847,120, respectively. Extension personnel cooperating with but not paid by the Department of Agriculture is 11,778 (as of June 30, 1947).

### BUREAU OF AGRICULTURAL ECONOMICS<sup>33</sup>

This Bureau is primarily concerned with the collection and distribution of agricultural statistics. It is concerned with the number and type of farm accidents and their economic significance in relation to farm production. It also conducts statistical analysis of the available medical personnel and services and type available; and the incidence of disease, patterns of health care, and death rates that occur in rural areas. The Bureau cooperates with land grant colleges in determining the health needs of rural communities.

*Obligations.*—In direct health activities the bureau spent in 1947 for statistical analytical studies the sum of \$24,200. In 1948, for the same studies and rural health needs, a total of \$23,000 was appropriated.

### OTHER AGENCIES OF THE DEPARTMENT OF AGRICULTURE

Certain other bureaus and services are remotely related to health activities per se, and on which no definite monetary valuation can be placed. Three of these agencies, Soil Conservation, Forest Service, and the Rural Electrification Administration, conduct activities that have significant protective health application. In soil improvement,

<sup>32</sup> The Extension Service's Responsibility in Aiding Rural People To Improve Their Health and Medical Services, U. S. Department of Agriculture, Extension Service, Washington, D. C., July 1947, p. 12. Statement approved by the USPHS.

<sup>33</sup> The bureau was established by the Agricultural Appropriation Act of 1923 (42 Stat. 532; 7 U. S. C. 411).

whereby more and better nutritional food crops are developed, health is the end result. The science of biodynamics has grown out of the belief that food grown on better soil produces better health.

The Forest Service is the safeguard of the health of those individuals who use the "great outdoors" as a source of recreation. Sanitation standards recommended by the Public Health Service and the Joint Committee on Rural Sanitation guide the engineers of the Forest Service in maintaining such safeguard as the disposal of garbage and sewage, and policing and enforcing sanitary laws. REA programs provide electric service which enables the farmer to make use of refrigeration and modern sanitation, etc., which contribute to health protection.

*Obligations.*—The compilation of the total health expenditures of the various agencies of the Department of Agriculture is significant only in showing the range and the estimate of the expenditures of the public health activities in the Department of Agriculture. Some of the agencies have functions that are only incidentally related to health and in others no accurate estimate of the cost could be made even though the activities have some relationship to the problem of health or health protection.

All figures and allocations have been supplied by the Bureau of the Budget for the years 1940, 1947, and 1948, and show as far as it is possible the actual expenditures of the various agencies for these specific years.

The expenditures do not reflect always the full extent of the activities as no direct appropriations were made. This is true in cooperative work between agencies and where health activities were formed and financed out of other funds for which no specific appropriations were provided.

Under the agency's school lunch program of the Food Distribution Branch, the sum for each of the 3 years is carried as a footnote on the financial tabulation since the school health program amounting to \$87,000,000 in 1948 has been considered as an "educational project"<sup>34</sup> and no consideration of this expenditure is included in the total health estimates.

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tivities as could be reasonably determined amount to \$16,166,109 in 1948, compared to \$15,264,863 in 1947, and \$11,544,004 in 1940.

In the divisions of Soil Conservation, Forest Service, and Rural Electrification, a total of \$12,087, \$22,575, and 960 persons are employed, respectively.

#### OFFICE OF PERSONNEL

The Division of Employee Health of the Office of Personnel renders medical services in accordance with provisions of Public Law 658, Seventy-ninth Congress, second session. These include:

1. Preventive services relating to employee health.
2. Emergency treatment of on-the-job illnesses.
3. Preemployment and other physical examinations.
4. Cooperation with and referral to other health agencies and private practitioners in maintaining optimal employee health.

This service has recently been established. The sum of \$45,000 is appropriated for 1948.

The health program as envisaged in Miscellaneous Publication No. 573 of October 1945 on "Better Health for Rural America," prepared by the Department of Agriculture Interbureau Committee on Post-war Programs,<sup>35</sup> suggests a health plan of five objectives, with one goal, for the American farmers. These objectives are: (1) Health, education, and preventive measures, (2) increase medical and health personnel for rural areas, (3) improve rural medical services comparable to that of the city, (4) rural health facilities, (5) find means of easing cost of medical care.

Just how far these objectives can be carried out is conjectural. However, since the Public Health Service has assumed leadership in all these areas the primary responsibility for initiating and developing these services should rest with the Public Health Service and not with Agriculture. The Department of Agriculture can cooperate with the Public Health Service by keeping the Public Health Service concurrently abreast of the rural health problems, and interpret to the farm families the availability of public-health facilities.

In addition to the suggested plans of action for better health facilities for rural areas, the Department of Agriculture has maintained for a number of years a committee on environmental sanitary engineering. Seven agencies and the Office of the Secretary are represented. It makes information available in the field of sanitary engineering that will set uniform standards for the development of better

<sup>35</sup> See also "The Experimental Health Program of the U. S. Department of Agriculture," subcommittee monograph No. 1, 79th Cong., 2d sess., January 1946.

rural sanitation. Through the work of this Committee on Rural Sanitation, the technical aspects of rural sanitation are coordinated.

#### RECOMMENDATIONS

1. That since the Public Health Service has assumed the responsibility and leadership in all areas of public-health activities, the initiative and direction should rest with the Public Health Service and not with Agriculture.

2. That insofar as possible the Department of Agriculture should work in cooperation with the Public Health Service and keep them informed on all rural health problems.

3. That the regulatory functions except meat inspection now in the Department of Agriculture regarding human health should be transferred to the Food and Drug Administration (for reasons, see Food and Drug).

4. That as the Biologics Act is concerned principally with the therapeutic value of serum, toxins, and viruses in the treatment and control of animal diseases, it should remain in the Bureau of Animal Industry, Department of Agriculture.

## Department of the Interior

By a congressional act (9 Stat. 395; 5 U. S. C. 481) the Department of the Interior was established on March 3, 1849. Its purposes have substantially remained the same since it was created; to "advance the domestic interests of the people of the United States" and "promote domestic welfare" through the conservation of natural resources.

The Department of the Interior is administered by the Secretary of the Interior. All bureau chiefs are directly responsible to him. He has jurisdiction over the Division of Territories and Island Possessions, and the administration of mines, parks, and Indian services, fish and wildlife, geological survey, land management, fuels, and power development.

*Health activities.*—Only three of the bureaus, offices, and services of the Department conduct activities directly related to health. They are: (1) The Bureau of Mines in its Division of Health and Safety; (2) the Fish and Wildlife Service in connection with its research in vitamins, and, indirectly, in its wildlife disease program; and (3) the Office of Indian Affairs, which has supervision over the health of the Indians. The sanitation program of the National Park Service and the water resource program of the Bureau of Reclamation also influence the promotion of health.

### BUREAU OF MINES, HEALTH AND SAFETY DIVISION

*Creation and functions.*—The special factors that were most effective in calling attention to the advisability of action by the Federal Government for a Bureau of Mines were disasters in coal mines and a growing realization of the waste of both life and resources in the varied mining and metallurgical interests of the country. As a result Congress passed the Organic Act of the Bureau of Mines, May 16, 1910 (36 Stat. 369).

The Bureau of Mines directs and coordinates the activities of the three branches which constitute the Health and Safety Division (health branch, safety branch, and coal mine inspection branch), comprising 500 persons (engineers, coal mine inspectors, chemists, physicists, safety instructors, clerks, etc.) working in or out of 22 offices or laboratories in 18 States and Alaska, and functioning to some extent in every State and in Alaska. Since the Health and Safety Division of the Bureau is an integral function of the total industrial hygiene problem of our Government, the activities of this Bureau are

discussed under the general subject of industrial hygiene. (See ch. II, Patterns of Industrial Hygiene in the Government, p. 86.)

#### FISH AND WILDLIFE SERVICE

This Service was established June 30, 1940, by the consolidation of the former Bureau of Fisheries and the Biological Survey in accordance with the President's Reorganization Plan 3, following the Reorganization Act approved April 3, 1939; both of which were transferred to the Department of the Interior. The Bureau of Biological Survey, established in 1885, was transferred from the United States Department of Agriculture. The Bureau of Fisheries was established in 1871, and transferred from the Department of Commerce.

The original research and investigation functions of these services were retained in the new agency of Fish and Wildlife Service. Management, propagation, and restoration of these resources and their protection were added. The functions of the Service are carried forward under the direction of a central headquarters (located in Chicago, Ill.), 4 divisions—1 each for administration, management, commercial fisheries, and research—and 6 regional offices with definitely prescribed geographical boundaries. Within these areas some 400 field stations, laboratories, wildlife refuges, fish markets, and rodent-control districts are now maintained. The major function is therefore concerned with the conservation of the country's natural resources of both land and water mammals, fish and shellfish, and birds.

The health activities, though incidental to the Service's major function, are included in such work as (1) fishing industry, (2) fish biology, (3) predator and rodent control, (4) stream and lake pollution, (5) wildlife and fishery research, and (6) public relations which disseminates information developed through research and to facilitate law enforcement by acquainting the public with needs for regulatory action.

Federal grants are made to the States on the basis of cooperative agreement between State fish and game commissions and the Washington office. These State commissions must initiate all projects concerned with Fish and Wildlife Service.

*Grants.*—Federal aid to States' projects for wildlife restoration is given under the authority of the Pittman-Robertson Federal Aid to Wildlife Restoration program (September 2, 1937, 50 Stat. 917; August 18, 1941, 55 Stat. 632; 16 U. S. C. 669–69j and as amended July 24, 1946). Under this provision the United States, by congressional action, may pay up to 75 percent of the cost of States' projects, the funds for which are obtained from a portion of the proceeds of an excise tax of 11 percent on firearms, shells, and cartridges used for sporting purposes. The States contribute 25 percent of the cost of

each project. The amounts collected and appropriated each year since the program started are as follows:

Fiscal year	Amount collected	Amount appropriated
1939.....	\$2,976,020	\$1,000,000
1940.....	3,707,844	1,500,000
1941.....	5,535,773	2,500,000
1942.....	5,072,588	2,750,000
1943.....	1,149,333	1,250,000
1944.....	1,061,045	1,000,000
1945.....	3,132,402	900,000
1946.....	5,232,465	1,000,000
1947.....	18,423,216	2,500,000
Total.....	36,290,688	14,400,000

<sup>1</sup> Amount collected from July 1, 1946, to May 31, 1947, inclusive.

*Regulatory functions.*—The Fish and Wildlife Service has control over the issuance of permits for importation of foreign wildlife, the responsibility for making importation regulations regarding disease-bearing birds and animals. The Public Health Service made the regulations concerning importation of parrots into the United States in order to combat the disease psittacosis. Formerly, enforcement for keeping undesirable wildlife out of the country rested with Fish and Wildlife Service with the cooperation of the Bureau of Customs. During the Eightieth Congress, an amendment to the Lacey Act of 1900 was passed which gives the Bureau of Customs the authority to honor the permits of the Fish and Wildlife Service to bring wildlife into the United States. (See Foreign Quarantine, ch. II.)

#### *Health Functions of the Branch of Commercial Fisheries and Wildlife Service.*

The following research programs definitely related to the promotion of health and conservation of foods are carried forward.

Of first significance are the researches related to the nutritive value of fishery products. These studies comprise (a) investigations of the wholesomeness of some algin compounds extracted from the seaweed kelp (this type of compound has properties of stabilizing food products such as salad dressings and dairy products); (b) protein determination of several cooked fishery products; (c) vitamin B analysis; and (d) biological tests to determine the nutritive effect in food with certain seaweed gums used as ingredients in food products.

In the protocols of vitamin A studies the objectives are (a) to determine improved methods of producing vitamin A in fish liver oils; (b) to attempt to find new sources of vitamin A in fishery products; (c) to ascertain the stability of vitamin A, and methods of increasing that stability; (d) preparation of vitamin A standard in collaboration with industries interested in the separation and manufacture of vita-

min A, and (e) carry out animal assays of vitamin A content. These researches are important to health since nearly all of the vitamin A used in pharmaceuticals is derived from fishery products.

The Service likewise carries out research programs on the toxic properties of fish and shellfish, and the best methods of handling fishery products for public consumption. The present studies are designed to find methods to (a) check the variation in the toxicity of fishery products and (b) to develop methods to preserve the purity of fish and their products without destroying their nutritive value. In the handling of fishery finished products, the Service is indirectly concerned in assisting industry to comply with Federal and State sanitary standards now in effect, and to find new methods of food preservation. Some of the problems are: (a) Treatment of plants and waste materials with DDT sprays to eliminate flies and other insect pests; (b) determination of the incidence of enteric bacillary infections in groups of sea-food workers as indicated by cultural and serological methods; (c) determination of the value of detergents in eliminating the bacteria responsible for decomposition of various types of sea foods; and (d) studies of the effect of sewage pollution on the shellfish areas and development of methods for treatment to eliminate such contamination.

This Service also conducts a variety of investigations under the title "Wildlife Resource and Management Investigation," for which special funds are provided. Such studies include (a) disease problems affecting wildlife population; (b) control of diseased and injured birds and animals which are vectors of such diseases as tularemia, botulism, brucellosis, sylvatic plague, trichinosis, and the transmission of other diseases such as bubonic plague and typhus fever, and (c) cooperative research in 16 colleges and universities assigned to train technical assistants and managers of fish and wildlife preserves. The trainees are biological students. One-third of their stipend comes from the colleges, one-third from the States' fish and game commissions, and one-third from Federal appropriation.

#### *Control of Predatory Animals and Injurious Rodents*

The Service maintains wildlife disease research laboratories at Laurel, Md., and at Denver, Colo. It also maintains six technological laboratories and six biological research laboratories.

With funds provided in the Department of the Interior's appropriation bill, for control of predatory animals and injurious rodents, the Fish and Wildlife Service conducts cooperative programs for the control of injurious mammals. The programs as a whole are financed with approximately three dollars of cooperative funds for each dollar appropriated by the Congress. The program of predatory animal control includes the larger predatory animals such as wolves, mountain lions, coyotes, bobcats, predatory bears, and, at times, foxes. The public health relationship of this phase of the program has to do primarily with the



fact that some of these animals, particularly coyotes and foxes, at times become infected with rabies. Such infections are a menace to humans and to livestock. The primary purpose of controlling predatory animals is economic but, at times, the health problem is of importance.

The program of injurious rodent control includes the suppression of prairie dogs, ground squirrels, jack rabbits, kangaroo rats, pocket gophers, field mice, common rats, and house mice as well as other species of field rodents. The primary purpose of this cooperative program is to prevent economic loss to foods, feeds, and forage in the field and storage. The control of rodents also has, at times, a public health significance in that they are carriers and disseminators of certain human and livestock diseases such as bubonic plague, typhus fever, trichinosis, etc. Since the rodent control activity of the Fish and Wildlife Service is basically cooperative, local programs to control any particular specie or species of destructive rodents require that the activities of all agencies and individuals concerned be correlated into a unified effort. Such correlation has been particularly effective in rodent control.<sup>38</sup>

### *Medical and Health Service on Pribilof Islands*

The Service also provides medical care for the inhabitants of the Pribilof Islands. It maintains a year-round physician at each of the two stations on the islands St. Paul and St. George.

The physician on St. Paul Island is also the medical officer on both islands. In addition, a nurse and a dentist stationed on St. Paul Island give medical and health service to a population of 500 resident natives and 20 permanent employees. Hospital facilities are maintained at the village of St. Paul. At St. George, a small village, clinical services, including dental and X-ray facilities, are provided.

Missions visited the islands in 1944 and again in 1946 to review the health program and give surgical treatment if necessary. The Territorial Commissioner of Health under a working agreement with the Territorial Department of Health for Alaska acts in an advisory capacity on all health and welfare matters of the islands' population. The cost for medical service on the islands amounts to \$28,738.70 for 1948.

### *Cooperation*

Cooperative agreements, in which supervision of the actual operations is vested in the Fish and Wildlife Service, are drawn between the Service and its numerous cooperating agencies, Federal, State, and local, that are concerned with the problem of controlling injurious rodents and predatory animals. These agencies interpose no objection to such agreements because this work is done expeditiously and efficiently under the direction of trained men. Cooperative agreements with some public health significance are in force between various agencies of the Department of the Interior and several services in

<sup>38</sup> Personal communication of June 18, 1948.

the Department of Agriculture, and United States Public Health Service.

TVA, through the office of the chief conservation engineer, cooperates with Fish and Wildlife Service in conducting investigations essential to the development and utilization of its fish and wild game as a source of food supply in the Tennessee River valley system.

Cooperative agreements extend also to counties, State fish and game departments, livestock associations, farm organizations, and municipalities, predatory animal and rodent control.

Public health projects of the Fish and Wildlife Service are under a working fund supplied by the Surgeon General, Department of the Army, and a formal cooperative agreement. The project includes studies of diseases carried by wild animals susceptible to infection by the virus of infectious hepatitis, and the interference with infections in certain viral diseases, with special reference to influenza.

As this cursory survey indicates, the conservation and development of wildlife is not carried on in the Fish and Wildlife Service alone, but also in other bureaus and divisions of the Government whose functions are directly related to human welfare and the promotion of health.

The apparent overlapping of activities is partly due to the fact that the Federal bureaus and offices, cooperating with Fish and Wildlife Service, function on a wide range of necessary activities. For example, the Bureau of Indian Affairs administering large tracts of land is entrusted with the protection of wildlife as food resources for the Indians.

Both the Forest Service and the National Park Service are established on a geographical basis, and in areas entrusted to them they are responsible for carrying on certain functions of fish and game preservation, and the elimination of harmful species. Stream pollution and the planting of trees and shrubs which serve as food and shelter for wildlife affect their health and the health of people. Consequently, all agencies of the Government concerned with the administration of waterway, land, and forest are bound to have an effect upon wildlife, and the problem of overlapping activities will necessarily continue.

### *Obligations*

The total obligation for direct research and medical care of the Fish and Wildlife Service amounted to \$55,612.78 for 1940, as compared with \$91,722.77 for 1947, and \$89,318.70 for 1948. Of these amounts, \$11,242.78, \$16,277.77, and \$28,738.70 were for hospitals and clinical work for each of the three respective years. Of the total amounts for research, the Division of Wildlife spent \$31,270 in 1940, and \$15,900 and \$22,550 for 1947 and 1948, respectively. The Divi-

sion of Commercial Fisheries spent for research projects related to health the sums of \$13,100 for 1940, and \$59,545 and \$38,030 for 1947 and 1948, respectively.

### *Recommendations*

The health and medical care activities accomplished through the Fish and Wildlife Service, though indirect, are of value and should be continued. Emphasis should, however, be placed upon cooperation with other Federal and State agencies directly interested in the protection and promotion of health.

References: Résumé of the Cooperative Predator and Rodent-Control Work of the Fish and Wildlife Service. Annual Reports, Fish and Wildlife Service, 1946-47.

### BUREAU OF INDIAN AFFAIRS, DIVISION OF HEALTH

Care of the Indians was the responsibility of the War Department until 1849 when the Office of Indian Affairs was created in the Department of the Interior. It was not until 1873, however, that a Division of Medicine and Education was created to protect and improve the health of Indians. The Division was discontinued in 1877, but a certain amount of medical service in the field was continued by the Division of Education. In 1909 a rudimentary health section was created in the Division of Education. In 1924 it became the Health Division directly under the Commissioner of Indian Affairs. Since 1926 the Public Health Service has detailed personnel to this Health Division, which now operates a comprehensive medical and health program for Indians and for the Alaska Native Service.

A public Health Service officer is director of the Division. The associate director is a civil-service employee. The director of public health services (formerly titled hospital administrator), the dental supervisor, and the public health nurse consultant are, like the director, detailed from the Public Health Service.

In the two regional offices (Portland, Oreg. and Billings, Mont.) of the Indian Service, a regional medical officer (Public Health Service) and a nurse consultant (Indian Service) supervise the medical program in the area. Similar units exist at Phoenix and Oklahoma City, and in the headquarters of the Alaska Native Service at Juneau. Close cooperation is maintained with the district offices of the Public Health Service, particularly with the sanitary engineers on duty there.

Each reservation and independent unit has a health staff which varies according to the geographical area and population density of the jurisdiction. The larger agencies have a senior medical officer; he is administratively responsible to the reservation superintendent but professionally responsible to the regional medical officer.

## *Beneficiaries*

The responsibility of the Secretary of the Interior for the care of Indians is not formally defined in general legislation. Obligations of the United States to the Indians are to be found in a plethora of treaties and scattered legislation. The closest thing to a general mandate is a provision in the act of November 2, 1921 (25 U. S. C. 13), providing that funds may be spent for the relief of distress, conservation of health, etc., among Indians. The act of April 16, 1934, provides that the Secretary may contract for education, medical attention, and other benefits for Indians. Annual appropriation statutes include funds for conservation of health.

There is no general statutory definition of the persons who may be considered Indians and entitled to medical benefits. The regulations of the Bureau of Indian Affairs define Indian beneficiaries as follows (25 U. S. C. 84.8) :

All persons of Indian descent who are members of any recognized Indian tribe now under Federal jurisdiction; all persons who are descendants of such members and who reside within the present boundaries of any Indian reservation and all other persons of one-half or more Indian blood.

Intermarried white men are not entitled to medical treatment (25 U. S. C. 84.11). Preference is given in admission to hospitals to those of a higher degree of Indian blood. Nonresidents returning to a reservation to receive free care are admitted only as a matter of courtesy (25 U. S. C. 85.4). The white wife of an eligible Indian is herself eligible for hospitalization and medical services (25 U. S. C. 85.8), but the Indian dependents of a white man are eligible only if they maintain a permanent home on the reservation and participate in tribal affairs (25 U. S. C. 85.9). All beneficiaries who can afford to are expected to pay fees based on the cost of services rendered (25 U. S. C. 84.8), but in practice few collections are made.

The difficulties of ascertaining an individual's degree of blood and of taking the census on some nomadic reservations preclude an accurate count of those entitled to the benefits of the medical and health programs of the Indian Service. The total Indian population is estimated at about 400,000, of which about 250,000 reside on reservations and about 120,000 among the Five Civilized Tribes in Oklahoma on their own lands.

## *Health Services*

The health services for Indians are now provided for under the Conservation of Health program, which is primarily designed to give complete public health and medical care for all age groups. In this regard, the Indian Service is unique among the Government agencies in that it provides health education, preventive and curative measures,

and sanitation to individuals and communities from the cradle to the grave. The practices and methods used are applicable to any rural community. These consist of three general plans: (1) Health services concerned with the control and prevention of disease and the promotion of better health; (2) the use of field dispensaries and clinics for physical examinations, and means for health education, and (3) medical care program through the use of hospitals for treatment of general medical and surgical conditions, and the use of special hospitals as sanatoria for tuberculosis cases.

The public health services now carried forward by the Reservation Health Service of the Office of Indian Affairs are: (1) Public health field nursing, (2) health services to the Indian schools, (3) communicable disease control, (4) health education, (5) nutritional studies and health surveys, (6) community and home sanitation, and (7) special health activities that are closely related to the medical care program such as the control of trachoma, tuberculosis, and the maternal and child health clinics.

For the promotion of health services, examining rooms and dispensaries are established at key locations throughout the reservations and serve for public health promotion work as well as clinics for examinations and treatment centers. These centers are supplied by field visiting nurses, staff doctors, dentists, and other personnel. The doctors act as county health officers and family physicians, when available. Mobile dental units devote the larger part of their time to dental care of children in the schools. The senior physician consolidates health and medical care services of the reservation and is supposed to maintain close cooperation with State and county health departments. The effectiveness of these services is dependent upon the public health and medical personnel on the reservation, and where they are not available, the Indian Service employs on a contractual basis part-time physicians and other health personnel. These arrangements also make use of the provisions of the contractual services authorized by the Johnson-O'Malley Act (48 Stat. 596, Amend. 49.1458).

Where this has been accomplished, as in Minnesota, Wisconsin, and North Dakota, the cooperative efforts have proved to be satisfactory, and at the same time developed within the States a consciousness of health needs among the Indians.

The most important health problem of the Indians is the control and eradication of tuberculosis. Mobile X-ray units provide early diagnosis. The use of B. C. B. (Calmette Guérin) vaccination against tuberculosis has given the Indian Service a valuable tool in its work against the disease. Plans for its use on a "wide scale" are in progress.

*Hospitals and sanatoria.*—The medically indigent Indians of the reservation receive free medical care in hospitals and sanatoria. Health education is emphasized. A résumé of these services follows:

In the Indian Service there are 66 hospitals, including 8 "limited service units," with a total of 3,614 beds, of which 2,648 are for general medicine and surgery and 966 for tuberculosis. There are four sanatoria used exclusively for tuberculosis and four more with combined facilities for tuberculosis and general services. During the past fiscal year these hospitals furnished 806,958 in-patient days' treatment to a daily average of 2,229.2 patients—only 61.7 percent of capacity, and 350,604 out-patient treatments. In addition, physicians gave 428,260 out-patient treatments in field clinics, homes, and schools.

These hospitals are equipped to give general diagnostic facilities and staffed to treat general illnesses and other conditions found among the Indians. Otherwise, treatment is given in a nearby Service hospital or through a contractual basis with public private hospitals.

### *Obligations*

The total health expenditure, including over-all administrative cost and medical and health services, for 1940 was \$5,088,170. No accurate break-down of this amount could be obtained. For the years 1947 and 1948 the expenditures vary little, the sums of \$7,131,400 for 1947 and \$7,315,300 for 1948 include the cost of tuberculosis control; field health and private physicians; hospital and clinic expenses. The total expenditures for 1948 also include approximately \$500,000 for the care of patients in non-Federal hospitals and St. Elizabeths Hospital in Washington. For comparison, Congress has appropriated for the fiscal year 1949, \$6,714,500 for "expenses necessary for the conservation of health among Indians, transportation of patients and attendants to and from hospitals and sanatoria . . . clinical surveys and general medical research in connection with tuberculosis, trachoma, and venereal and other disease conditions among Indians . . ." A companion appropriation of \$472,710 is for Welfare of Indians. Conservation of health in Alaska is financed from a \$4,118,962 appropriation to the Alaska Native Service. The appropriation of over \$5,000,000 to the Navajo and Hopi Service includes about \$1,500,000 for health.

The basic appropriation of \$6,714,500 is about \$600,000 less than the appropriation for fiscal year 1948. It is over \$2,000,000 less than the amount recommended in the President's budget, but the actual decrease is about \$1,000,000 since about \$1,235,000 was transferred to the appropriation to the Navajo and Hopi Service.

The report of the House Appropriations Committee included the following paragraphs on the health program of the Bureau of Indian Affairs:

There is still some need for continuation of the Indian hospitals. But in many cases, we have found that the Indian is as well treated in the public and charitable hospitals as any other patient. In fact, in many instances, he perhaps would fare

better than in an Indian hospital, for in the strictly Indian hospitals, in many instances, due to legal limitations of salary provisions for doctors and nurses, the services offered in these hospitals are inadequate and inferior.

In some instances, contract services are more practical than the construction and/or maintenance of separate hospitals, and where such conditions exist, the contract program should be followed on an economical basis, calculated to render the best possible service to the Indians.

### *Personnel*

Aside from the few position filled by personnel detailed from the Public Health Service, the Bureau of Indian Affairs is dependent upon civil-service recruitment for its full-time personnel. During the war the general shortage of physicians in the Indian Service created a serious problem. This situation continues. The higher salaries offered by the Veterans' Administration and the rewards of private practice have added to the recruitment problems.

In all, there are about 2,200 employees in the medical program. This figure includes about 110 full-time and 85 part-time physicians, 13 full-time and 5 part-time dentists, and about 500 nurses (of whom about 50 are public health nurses).

The civil-service system is not providing professional personnel to fill authorized positions. In the case of doctors, for example, there are about 30 vacancies. The plight of the Indian Service is also evidenced by the fact that 8 percent of its physicians are under 36 and 20 percent are over 60 (in the Public Health Service 47 percent are under 36 and 3 percent over 60).

### *Recommendations*

In comparison with the medical service of the Prison Bureau, for which the Public Health Service provides the complete medical staff and supervision, the system used in the Bureau of Indian Affairs of detailing Public Health Service personnel to a few key positions appears to be a hybrid of doubtful merit. There may be no specific evidence of friction between the civil-service personnel of the Indian Service and the Public Health Service personnel assigned. However, the situation is inherently difficult from both points of view: On the one hand, the Public Health Service has some responsibility but diluted authority; the civil-service personnel are aware of the greater advantages enjoyed by the commissioned officers by whom they are supervised.

On the assumption that no other changes are made in the organization of Federal medical services, there are positive reasons for giving to the Public Health Service more complete responsibility for the medical and health programs among the Indians.

Such a step would help solve the desperate problem of recruiting young and able doctors for the Indian program. The program would also be in a better position to secure funds commensurate with the

size of the problem, particularly for preventive medicine. Moreover, experience in the comprehensive medical and health problems of an Indian community would provide unequalled training for Public Health Service officers. The Public Health Service, finally, might with its great prestige more easily withstand the pressures, chiefly political, which are exerted on the Indian Service.

In an integration of the medical services to the Indians the same arguments would obtain. The operation of the Indian hospitals could be continued on a sounder financial basis and with improved services if directly conducted or at least supervised and staffed by an agency equipped to obtain the necessary personnel. The policy of gradual liquidation of the hospitals and the absorption of Indian patients in other Federal or non-Federal systems could be accelerated. If the Public Health Service were left outside the central agency but confined to purely public health activity of the Indian Service, it could push the Indian health program with greater vigor, and greater integration with national and State programs than is now possible.

The Public Health Service itself is evidently reluctant to take on the responsibility for care of the Indians. The inherent difficulties of the tasks in themselves are a deterrent to an agency which takes pride in a clean record in relatively uncontroversial fields.

Moreover, it is said that the function of medical care of the Indians cannot feasibly be separated from other aspects of the Government's guardianship. The Brookings Report of 1937, for example, noted that it was "highly questionable whether the property work and welfare work could be successfully divided." Considerations which did not apply in 1937—chiefly, the shortage of personnel—might well dictate a different conclusion today. At the very least, it is difficult to see why the use of the Public Health Service could not be put on the same basis that exists in the Prison Bureau.

In this connection, a bill (S. 787) was introduced on March 5, 1947, by Senator Langer to transfer to the Public Health Service responsibility for the maintenance and operation of hospitals on Indian reservations and the conservation of the health of Indians. No action was taken on the bill.

The fate of our health and medical care program among the Indians should follow the purposes of our Federal-aid program for the Indian peoples. This program of financial support and other services has been to enable them to earn their own livelihoods in harmony with their own aims and ideals as American citizens with all rights of citizenship guaranteed. These rights assure the Indian of the privilege to earn his own living and to provide for himself the necessities of life and protection. Under this policy the present health and medical care program should be incorporated into whatever health and medical care



program is in effect in the State where he resides. What now is apparently needed is an increased effort to carry out the intended purposes of the Government in order to hasten a self-supporting health program as a part of the State and local governments.

During this transitional period the following program should be carried out:

1. The Federal Government should utilize the facilities of State health departments or other health agencies within the States to provide health services for the Indians, the Federal Government undertaking to provide the necessary subsidies.

2. The present program of direct operations by the Federal Government could be improved materially if the entire operation of health services were the responsibility of the Public Health Service on a basis similar to that in effect with the Bureau of Prisons, Department of Justice.

## Other Departments

### DEPARTMENT OF LABOR

The Congressional Act of March 4, 1913, creating a Department of Labor in the Federal Government, charged it to "foster, promote, and develop the welfare of wage earners. To promote their working conditions. . . ."

Since the health and safety activities of the Department of Labor are an integral function of the total industrial problems of our Government, these activities are discussed under the general subject of Industrial Hygiene. (See Industrial Hygiene, ch. II, p. 85.)

### DEPARTMENT OF TREASURY

#### *Bureau of Narcotics*

By the Act of Congress approved June 14, 1930 (46 Stat. 585; U. S. C. 282-824), the Bureau of Narcotics was established, to be directed by the Commissioner of Narcotics, and to be charged with the duty of regulating, supervising, and controlling the traffic in opium and other narcotic drugs; that of preventing and combatting, in cooperation with the United States Public Health Service, the spread of drug addiction; and that of suppressing the illicit traffic in narcotic drugs, in connection with which the bureau enjoys the cooperation of the Bureau of Customs. The Bureau of Narcotics is vested by law with the requisite authority in these premises.

The national control of habit-forming and habit-sustaining drugs is an integral part of an international control, and for its effectiveness depends in no small measure on its relationship to the controls set up by the United Nations, through the United Nations Economic and Social Council in its Commission on Narcotic Drugs (United Nations Document 2/20, Feb. 15, 1946, pp. 9-10). The control of narcotics is considered in the section on narcotic drugs on International Health program, chapter II, page 100.

### DEPARTMENT OF STATE

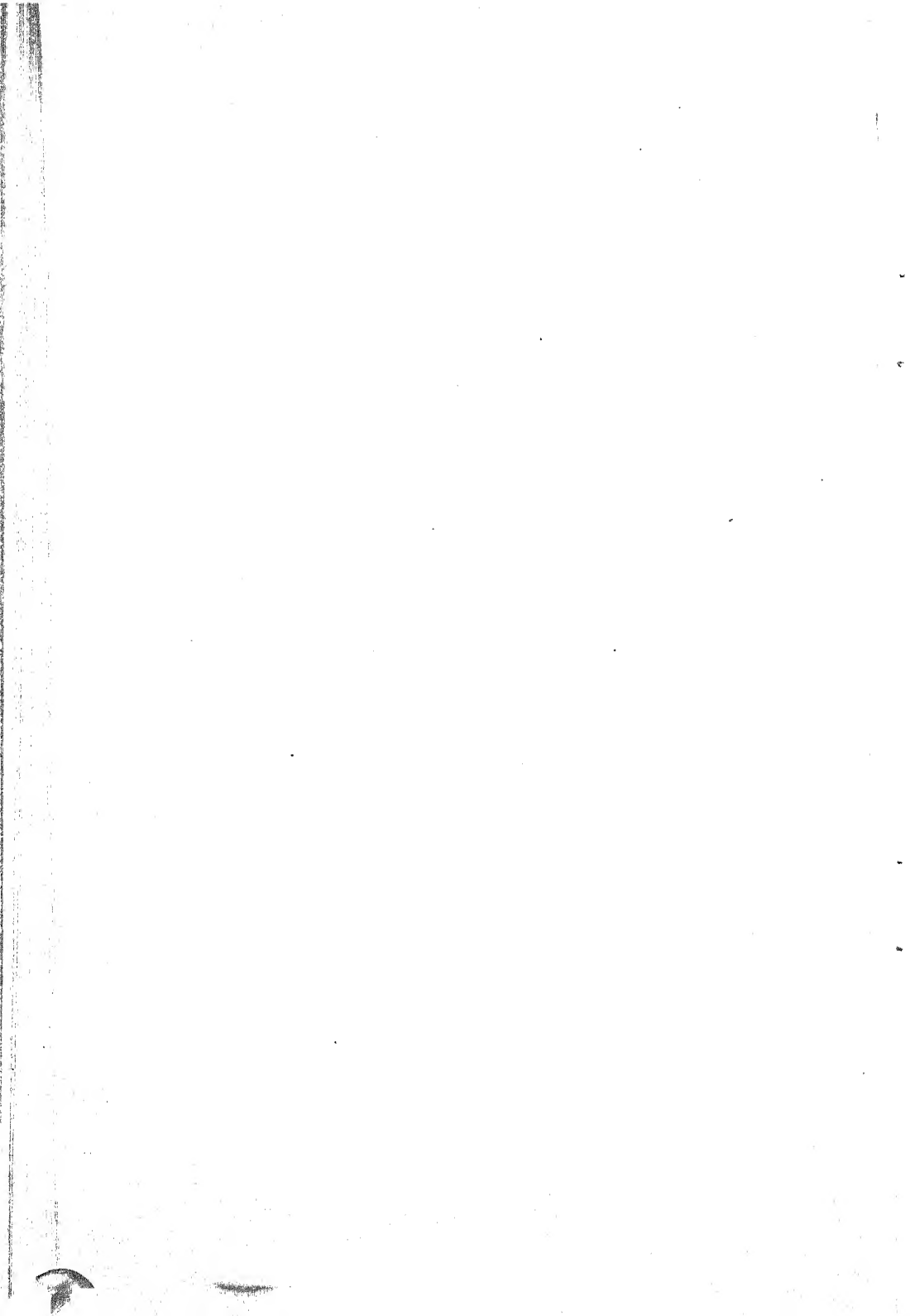
The principal responsibility for the determination of the policy of the Government in relation to international problems devolves upon the Department of State.

The cooperation of the State Department in international health is developed in chapter II, page 100.



**Part Three**

**FEDERAL POLICY AND ORGANIZATION  
FOR EDUCATION**



## Chapter I

### INTRODUCTION

The American people have evolved a system of schools which make educational opportunities available on a scale unknown elsewhere in the world. This system is testimony to our belief in the worth of the individual, and the priority of the individual over the State. It is founded on the view that the development of individual intellect and understanding is essential to the health and development of our democracy. Historically this program has been largely initiated and developed through energy and vision in local communities and the several States, by public and private enterprise. Because of our national cultural homogeneity we have developed a national type of education without the rigidity imposed by a uniform national system.

Our tradition of local control of education, an outgrowth of the isolation of the pioneer community, still exists, supported by the Tenth Amendment to the Constitution and by our basic belief that the local community and State must be the cornerstone for all matters concerning the welfare of the individual and his participation in democratic society. This tradition has been strengthened by our zeal for freedom and individual liberty. We have a compelling desire to keep power decentralized in all matters which concern influence over the thinking of the individual; we abhor deeply anything savoring of centralized or totalitarian control of thinking through education. Among the varied and numerous activities of government, there is none closer guarded from excessive Federal control than education. The decentralization of administration and control of public education should be maintained.

Despite this tradition, our Federal Government has played a long and important role in the development of our national educational system, in collaboration with the States. This role long antedates the creation of any Federal agency specifically designed to deal with educational matters. Land grants for the support of education in newly formed States preceded by 80 years the establishment of our Office of Education.

This Office has traditionally been small and its role confined to research, dissemination of facts, and collaboration with other authorities. Other Federal agencies, acting in pursuit of particular functions

and interests, have far overshadowed the Office in the size of programs, amounts of perquisites or money distributed, and influence over the educational institutions throughout the Nation. Certain Federal agencies, such as the Army and Navy, have set up their own specialized educational institutions, as well as collaborating with those of other agencies within and without the Government. Others have had to make provision for such educational responsibilities as the education of Indians, native populations, or other special groups. The impact of these latter programs on the educational system of the Nation has been, on balance, greater than that of the information disseminated and leadership exercised by the Office of Education. Finally, such multiple-purpose projects as the school lunch program, which combines the utilization of surplus commodities and the support of agricultural prices, improvements in public health through reduction of malnutrition, and such specifically educational aspects as the dissemination of dietary information and improvement of dietary habits, introduce special elements of complexity. It is impossible fully to judge such programs on their educational aspects alone, although it is imperative that their educational elements be made clear.

### **Brief Review of the Evolution of Federal Concern for and Participation in Education**

The Federal Government from its inception has evidenced an interest in and a support of public education in all States. Most of the States were first organized as Territories, in all of which Congress provided for public school systems. Starting with grants of Federal land for public education in the Northwest Territory, the land-grant program has since then aided all levels of education in the States and Alaska by Federal grants of probably over 165,000,000 acres.

These early land grants were for the general support of education. The first move toward Federal control appeared in the Morrill Act of 1862. This law, in granting land for State agricultural and mechanical colleges, specified broad areas of curricula, thus introducing a mild type of control.

Since 1862 the increasing Federal concern for and support of education, in cooperation with the States, is evidenced by Federal subsidies for such activities as agricultural experiment stations (1887); resident instruction in land-grant colleges (1890); agricultural extension service (1914); vocational education in secondary schools (1917); vocational rehabilitation (1920); and the school-lunch program (regularized in 1946). Subsequent added subsidies for these projects have been made from time to time.

It will be noted that each of these cooperative projects is in a very specific area of education. There are those who believe that, both because of their specificity and the Federal controls which in varying degree accompany them, these constitute a threat to State and local autonomy. Suffice it to state that, for the most part, these specific educational projects carried out by the States with Federal encouragement have been in response to defensible needs in areas of education not adequately cared for by local initiative. Some, with modest Federal subsidies, have produced excellent participation in States. An added question may be raised, aside from the question of control, concerning the wisdom of Federal support of specific types of educational service to the States which may tend to place education in a state of imbalance and without regard to priority of local needs.

It would be improper to conclude that the Federal interest in education stops at cooperation with the States. In fact, by far the greater part of the Federal budgetary items concerning education are in other areas, or through other than State channels. Assuming a rather broad definition of education, but limiting it to matters involving schools and higher educational institutions and students therein, during each of the last few years the Federal Government has expended several billions of dollars through these channels, with participation by practically every major governmental department and independent agency.

Federal activities which directly relate to public and private educational institutions, particularly colleges and universities, are assuming increasing importance. Projects in this area include such activities as military scholarships, Reserve office training programs, the veteran programs under the GI bill of rights (Public Law 346),<sup>1</sup> and Public Law 16<sup>2</sup> providing for vocational rehabilitation for World War II disabled veterans. Closely related to these are Federal research projects by contract with institutions of higher education through such agencies as the Army, Air Force, Navy, Atomic Energy Commission, and Public Health Service (Federal Security Agency). There is a marked and increasing use of schools and colleges in the Federal interest.

Several agencies of the Government promote or prepare materials for instruction in schools such as the Civil Aeronautics Administration (Department of Commerce) in the field of aviation education or the Immigration and Naturalization Service (Department of Justice) in the field of citizenship education.

The education and training of pre- or in-service Government personnel is of itself a major enterprise, including extensive activities in regular colleges and universities, educational institutions operated by various governmental agencies, and less formal activities in practically every division of the Government.

<sup>1</sup> 58 Stat. 284.

<sup>2</sup> 57 Stat. 43.



More difficult to classify are such Federal ventures in education as the Graduate School of the United States Department of Agriculture, and Graduate School of the National Bureau of Standards, institutions which, although in the Government, enroll some students who are not in Government service.

There are distinct, special, and direct Federal responsibilities or activities for education, such as for natives on Guam, American Indians, children on approximately 1,100 Federal reservations and special projects, children of federally employed American nationals in occupied areas, exchange of persons for international and intercultural benefit through education, the schools of the District of Columbia, schools in Territories, or education in Federal penal institutions.

Even with such a brief listing of Federal activities in education it becomes evident that this is a major governmental enterprise. For a full inventory, see the appendix. The items of overlapping jurisdictions and services, the multiplicity of agencies conducting these activities, the varied methods of making contact with educational institutions in the States, the variety of fiscal and administrative policies involved, and the piecemeal manner in which much of the legislation has been enacted are but a few of the complicating factors.

The problem is further complicated by the fact that no agency now exists in the Government with adequate status or resources to assume leadership in respect to the situation. The United States Office of Education, in the Federal Security Agency, has neither sufficient authority nor status among governmental agencies to do so. There are several agencies of the Government which have larger educational staffs, preferred status, and greater educational resources than the Office of Education. Although this Office has performed well the functions which Congress has given to it, and has a good record of service to and coordination with other Federal agencies dealing with education, it has not been an effective integrating force in the total Federal educational picture. Its administrative budget is less than those of several other Federal agencies or subagencies dealing with education in the States. Its total budget, including some \$32,000,000 in subsidies which it is distributing to the States in fiscal 1949, is approximately 1 percent of the Federal expenditure through or for educational institutions and students therein.

This subordinate position of the Office of Education is not a matter of mere chance. It is a reflection through Congress of the concern of the States and of the people that the control and administration of education not be nationalized. It has been assumed that control follows money and that status precedes centralization. Whether or not this claim is valid as applied to education will be analyzed in later chapters.

It is neither desirable nor feasibly to centralize all Federal educa-

tional activities. However, there should be an orderly distribution of these activities among appropriate agencies and much desirable coordination and integration can be effected.

## Current Status of Education in the United States

How does the status of our population reflect the effectiveness of our educational program?

Each generation has been receiving progressively more education. In 1947 half of the 25- to 29-year-olds had completed 12 or more years of schooling, while one-sixth of the persons 65 or over in age had received that amount of education. While the achievement over the years is commendable, we are still faced with the fact that among those recently completing their education (25 to 29 years of age) half have not completed high school.

Illiteracy is being reduced, although 10 percent of our population 25 years old and over in 1947 had completed fewer than 5 years of elementary school. For the 25-to-29-age group, however, this figure was 4 percent.

Marked differences in education by racial groups persist. In 1947, of all white persons <sup>3</sup> 25 years old and over, about 35 percent had completed 4 years of high school or more, while only about 13 percent of nonwhites in this age group had received this amount of education. While 1 white person in every 10 has less than 5 years of schooling, among nonwhites 3 in every 10 have not reached this minimal standard. Although the median white person age 25 to 29 has completed 4 years of high school, the median nonwhite in this age group has only completed elementary school. The lag in education of the nonwhite is also indicated by the fact that among whites who completed most of their education more than a generation ago (65 years old and over) the proportion completing less than 5 years of elementary school is approximately the same as for nonwhites recently educated (25 to 29 years old).

In 1947, 81.2 percent of youth 14 to 17 years of age were in school, an all-time high. By contrast, in 1910, 58.9 percent of children of this age were in school. Of 18- and 19-year-olds in 1947, 27.7 percent were in school. Between 1900 and 1947 the resident enrollment in higher institutions increased tenfold. During the period from 1890 to 1940, secondary-school enrollments increased about nine times as fast as the general population and more than twenty times as fast as the popu-

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<sup>3</sup> Most persons of Mexican birth are classified as white. "Nonwhite" consists of Negroes, Indians, Chinese, Japanese, and other nonwhite races.

lation group 14 to 17 years of age. Practically all the 6-to-13-age group are now in school.

The rapid increase in child population during the war years is yet another complicating factor in the matter of providing educational facilities, teachers, and programs for an increasingly large school population. Between 1945 and 1950 the elementary schools of the country will be forced to accommodate some 2,000,000 more children although estimates of this increase vary. The increased birth rate and migrations of peoples will make it necessary to double the school plant and staff within the next few years in some areas of the country. The growth will soon reflect itself in the secondary schools. A solution of the problems involved will demand planning and leadership at local, State, and Federal levels.

In the early 1940's, within the continental United States, there were over 180,000 elementary schools, of which all but approximately 10,300 were public. Of about 32,000 secondary schools, over 90 percent were public. Of the 1,749 higher institutions, slightly more than one-third were public institutions. These educational institutions had an enrollment of pupils and resident students of some 29,000,000 individuals in 1947. Of these, approximately 20,000,000 were in elementary schools, 6,200,000 in secondary schools, and 2,354,000 resident in colleges and universities.

## Issues

We have entered this study with the belief that the basic responsibility for education lies in States and in local educational institutions. With this in mind our major concern is for the regularly constituted schools and higher educational institutions in States, and this concern is mirrored in our major issues. Is there undue direct or indirect Federal control of education in States? Is it possible to have Federal educational activities reaching into States without undue control? Has the Federal Government done all in its power to administer its activities which have an impact on education in States in such a manner that self-reliance and self-sufficiency have been encouraged at the State or institutional level? Have these Federal activities strengthened education in States in a balanced manner? Historically have Federal educational activities been beneficial to education throughout the country? Have Federal activities overlapped, duplicated, or worked at cross purposes with other Federal activities or with State or local educational activities? What are the individual and total effects of Federal educational activities on schools and higher educational institutions in States? What should be the role of the Federal Government as related to education in States? These questions in-



cation of Indians or other native peoples, Federal research and leadership, and miscellaneous problems are considered in turn. At the level of higher education, the topics of research, higher education of special groups of individuals or of individuals in special fields, relations with special types of State higher institutions, general service and research, education and training for Government service, the administration of international educational programs, and federally operated higher institutions are treated. The next section covers Federal activities not specialized as to level, such as education of special groups of individuals, institutional on-farm training, and civilian education for members of the National Military Establishment. The following section discusses Federal activities not connected with established educational institutions, such as in-service training for Government service, or programs for non-Federal employees. The final sections deal with nonbudgetary Federal assistance, Federal activities tangential to education, and a sketch of noncontinuing emergency Federal activities in education from 1933 to 1946, such as the National Youth Administration or Lanham Act operations.

## **Federal Activities Clearly Concerning Elementary and Secondary Education**

### **PROMOTION OF CURRICULA**

Traditionally the development of a curriculum has been considered a function for State or local jurisdiction. Notwithstanding this fact, the Federal Government has had five readily identifiable programs (four of which are currently active) in promotion of special curricular fields which are generally available to the regularly constituted elementary and secondary schools of the country. These programs, which call for an expenditure in fiscal 1949 of over \$28,000,000, are: (1) Citizenship education, under the Immigration and Naturalization Service of the Department of Justice; (2) aviation education, under the Civil Aeronautics Administration of the Department of Commerce; (3) school savings, under the Savings Bonds Division of the Treasury Department; (4) vocational education, under the Office of Education, Federal Security Agency; and (5) food conservation education, under the Office of Education, Federal Security Agency (discontinued after 1947).

The manner in which the agencies involved promote these special curricular fields should be considered. If they develop specific textbooks and teaching materials, they infringe upon the rights of the States in this respect. A possible exception is noted in the citizenship education program of the Department of Justice for which the development of specific and curricular textbook materials in anticipa-

tion of United States citizenship is a matter of Federal concern. However, the actual development of texts for classroom use, such as has sometimes been done in the promotion of aviation education and the school savings programs, is a direct violation of our tradition of State curricular responsibility.

The grants to States for vocational education and for education in food conservation, insofar as they leave the primary initiative for the details of internal administration, supervision, and curricular content to the States, are justifiable activities of the Federal Government. Yet entire responsibility for these programs should not be given to the States without assurance on the part of the Federal Government that the purposes for which funds are appropriated are carried out by the States. Thus it is necessary to maintain such Federal controls as may be needed to ensure that the Federal purpose is attained.

More serious than the criticisms indicated above is the criticism that the Federal Government has been interested only in the promotion of highly specialized fields within the curriculum. Is it appropriate that the Federal Government should extend its substantial influence on curriculum only in the promotion of these few highly specialized areas? Can the Government afford to be placed in the position of lending its prestige to these few areas while neglecting the total curricular need of the country? Can we as a Nation allow more and more agencies of the Government to develop uncoordinated specialized curricula? We believe these questions must be answered in the negative.

We have overlapping and independent curricular promotion on the Federal level. It has no semblance of the over-all curricular coordination considered essential at State and local educational levels. As other agencies of the Government realize the potency of the public schools of the country in promoting their individual causes, this situation could easily become chaotic.

To centralize all curriculum promotion activities in the Federal educational agency would deny the wealth of technical knowledge in the noneducational Federal agencies. A more appropriate solution would involve over-all Federal coordination of the work of various governmental agencies. All present Federal activities in promotion of elementary or secondary curricula should be transferred to the Federal educational agency, and this agency in turn should be a coordinating and clearinghouse body for the specialties of the non-educational agencies. The Federal Government, through its various departments and agencies, has some of the most competent specialists available in this country in practically every area of human interest and concern. These areas constitute those which, to a large extent, make up the curricula in our schools and areas from which a cur-

riculum more vital to individuals and our society can be developed. Avenues should be opened whereby these Federal resources may be coordinated and made available to the schools of our country when services are requested by States.

### THE SCHOOL LUNCH PROGRAM

A special section is devoted to the school lunch program because of its magnitude, significance, and the fact that it is the only program of its type conducted by the Federal Government. This activity, administered by the Production and Marketing Administration of the Department of Agriculture, devotes \$92,000,000 to the schools of the Nation in 1949. This includes subsidies to States and purchased food for distribution to schools. It was initiated on a more modest basis during the depression period of the 1930's as a proper use of surplus agricultural commodities and to furnish work to unemployed. Three major groups in American life have stimulated its development: The agricultural groups, the educational group, and others interested in the physical well-being of children. Much of the confusion and lack of clarity of this program may be due to this threefold interest therein. It is not appropriate that the study in the field of education should arrive at a conclusion as to whether it is necessary to support prices of farm commodities through this program, particularly in times of high economic return. Suffice it to say that, if the Federal Government purchases surplus food, this program is an extremely worthy outlet for such commodities. It is better to furnish nutritious food to children than to destroy food crops. However, to the extent that this program utilizes only those foods which are surplus or in abundance, it runs the risk of violating basic principles of a well-rounded diet.

There are those groups who are quite insistent that the school lunch program is not an educational activity. Some of this insistence may have been prompted by the fact that assistance under this program is extended to private and parochial schools. By calling the program noneducational, we avoid the dilemma of Federal educational assistance to nonprofit private including parochial schools. No good can come from an extended and academic discussion of this question in this connection. The fact is that thus far in our national history we have maintained a rigid policy of no Federal aid to parochial schools. This problem, within limits, up to now has been left to the States to decide. The school lunch program furnishes assistance to nonprofit private and parochial schools through State channels in States which permit this, and the United States Department of Agriculture deals directly with such schools in States which prohibit this.

Actually, whether or not this program is called educational, it oper-

ates in public, private, and parochial schools. Because in the large majority of cases its operations are through public schools and through State departments of education, it is believed desirable regardless of name that its general administration and grant-in-aid activities be moved to the Federal educational agency. State and local school officials need redress from their complaint that they are forced to deal with too many Federal agencies in the conduct of their programs. Unless evidence is clear-cut to the contrary, all Federal activities involved with the regular elementary and secondary schools of the country should be administered by the Federal educational agency. The Office of Education has always followed the practice of placing as much initiative and responsibility for administration of Federal programs as is possible on State departments of education. Noneducational Federal agencies, many of which have been involved in direct action within States, often have underestimated the advantages of maximum centralization of educational responsibility and initiative at the State level. If dietary needs of children are given priority over need for disposal of surplus foods or foods in abundance, this can be better assured if the program is administered by an educational agency. This would not preclude the utilization of surplus foods or foods in abundance as determined by the Department of Agriculture, when and if such utilization is desirable. The schools of the country have always risen to emergencies in the national interest. The listing of foods in abundance for preferential purchase by schools and the purchase, warehousing, and distribution of foods in abundance should be retained by the Department of Agriculture. The Federal educational agency should utilize the best resources available in the government in developing the nutrition and dietary aspects of the program. By proper coordination with the Federal educational agency, this program can be made more effective than at present, in the interests of all parties concerned.

The school lunch program should be thought of as a part of the total effective experience of the children in the schools. It should be correlated with proper instruction in dietary habits and nutrition. By placing its administration in the normal educational channels from the Federal to the State and local levels, the school lunch program can become a part of a valuable educational and instructional program. With the transfer of the grant-in-aid aspects of the program to the Federal educational agency, the prohibition specifically contained in the present act against any influence to the instruction or curricular program should be rescinded. Historically the Office of Education has for many years furnished assistance and encouragement to the States and the schools therein in respect to nutrition, dietary needs of children, and proper school lunches. Many publications had been issued long before the Federal school lunch program



was developed. The Office of Education for many years has been the Federal source to which schools have looked for assistance in respect to school lunch programs. In addition to the thousands of schools which now share the Federal subsidy for school lunches, there are other thousands of schools which operate school lunch programs without Federal support. The United States Office of Education is expected to render advisory assistance to both groups and does so to a considerable measure. It is an unnecessary duplication that both the Office of Education and the Department of Agriculture should be called upon for similar services. The Office of Education is constantly being consulted by States for advisory assistance in the planning of school buildings, most of which include school lunch facilities. There is needless overlapping between the school lunch program of the Department of Agriculture and this activity of the Office of Education.

Many of the States with the current unprecedented fiscal demands upon them have found it extremely difficult to enable their State departments of education to include the necessary administrative personnel to give proper administration and supervision to the school lunch program. This has sometimes resulted in necessity for the Department of Agriculture to make an undue number of local audits and render services which might better be left to State and local initiative. It is thus recommended that a small amount of school lunch subsidy be dedicated for State administration of the program. This would take the Federal Government out of some operations which might better be left to State jurisdiction and place more incentive for proper conduct of the program on the States where it belongs.

In summarizing, four recommendations are made: (1) The responsibility for the administration of the National School Lunch Act should be placed in the Federal educational agency; except (2) the direct purchase and distribution of food for price support and the listing of foods in abundance for priority purchase, when necessary, should be retained in the Department of Agriculture; (3) a small subsidy should be available to State departments of education to insure proper State administration and supervision of the act (unless other means are available for adequate support of State departments of education); (4) the nutrition aspects of the program, although carried out by the Federal educational agency, should be done with the advice from the best informed agency of the Government in nutrition matters. There is little reason why, if the current manner of caring for the school lunch program in nonprofit private schools is satisfactory in the Department of Agriculture, the same plan may not be operated just as effectively by the Federal educational agency.

There are four readily identifiable activities of the Federal Government concerned with giving general assistance for elementary or secondary schools, or both, in special geographic areas. These are: (1) The payments to New Mexico and Arizona to defray partially the loss in State revenues resulting from the high proportion of tax-exempt Federal lands in those States, (2) support of the local government expenses of the District of Columbia, (3) assistance to the territories and other areas under special Federal jurisdiction, and (4) the emergency aid to communities provided under the Lanham Act. The total cost of these programs in fiscal 1949 will be almost 5 million dollars, 3 million of which is for Lanham Act aid.

#### DEPENDENT CHILDREN OF FEDERAL EMPLOYEES

Between 1935 and 1947 the number of school-age children of Federal employees on federally owned properties increased from 24,000 to 56,000, and is estimated at almost 60,000 in 1948. Because of the failure of the Federal Government to establish a comprehensive policy in respect to these children and the prevalent lack of State recognition of responsibility for their education, they often do not have the opportunity to a free public education which is guaranteed to other children as a part of their birthright. Type situations to which we refer are: Communities under the jurisdiction of the Atomic Energy Commission; military installations in the continental United States or abroad; the National Parks; Federal construction projects; the Tennessee Valley Authority, and the foreign installations of the Department of State. Suffice it to say that there are marked disparities in educational opportunity in these and comparable situations.

The States, similarly, have varying policies relative to children living on Federal reservations and properties. Only 10 States have provided any legislation to solve the problem, and in these the scope is limited. It is clear that even beyond those children for whom States pay all educational expenses by specific State provision, those which may have been admitted to public schools by the benevolence of other States, and those covered by emergency Lanham Act support, a substantial number of children living on such reservations are educated at the expense of their parents. Of those children living on federally owned properties in the several States, Hawaii, Alaska, and the Canal Zone, approximately 73 percent are on reservations where in general the local authority assumed no responsibility. It has been felt by many individuals and groups cognizant of the problem that the education of these children should not be contingent upon the generosity of State and local taxpayers or a burden on the parents.

In brief summary, the education of many children on reservations,

federally owned properties, and special Federal jurisdictions either at home or abroad, is a Federal responsibility if we accept the tenet that all of our children are to be given an opportunity for elementary and secondary education at public expense. The large diversity of situations—geographical, jurisdictional, and administrative—complicates the problem. Several governmental agencies have quite different policies and there is seldom consistency in policy within an agency. There is some cause for having called these children “educational orphans.” The recent increased tendency of Congress to enact piecemeal legislation in reference to individual situations or agencies without regard to any well-established over-all policy is not satisfactory.

There is a very apparent need of a Federal policy to cover all situations treated in this section. It is recommended that comprehensive Federal legislation be initiated which will recognize this responsibility. It is believed that the Federal educational agency should be the major administering and coordinating force in the Government for this activity. Only in the most exceptional cases should it be expected to operate schools. Federal funds should normally be channeled through the Federal educational agency to contracting agencies to care for these dependent children. Preference should be given to the regularly established schools in the States and Territories where possible. In some cases the Federal agency responsible for operations in a given jurisdiction might well be the contracting agency. For instance, the Navy may best be able to operate the program for education of Navy dependents on Guam. The important thing is that these children have an equal opportunity as compared with children on the Atomic Energy Commission projects or as compared with dependent children in Germany or Japan. The piecemeal legislation of the past should give way to a comprehensive over-all plan by which the Federal Government will step in when States and Territories are unwilling or unable so that many of these children cannot further be known as “educational orphans.” The Federal Government should be first rather than last in recognizing its responsibility to children under its jurisdictions. In excess of \$23,500,000 is budgeted for this purpose in fiscal 1949, through a variety of arrangements.

Such residue of the Lanham Act situations which may continue can also be brought into a general framework as suggested above.

#### EDUCATION OF INDIANS AND OTHER NATIVE PEOPLES

The Federal Government is engaged in furnishing elementary and secondary education to native peoples through several departments, at a total cost in fiscal 1949 of approximately \$15,000,000. The Office of Indian Affairs in recent years has utilized the regular public schools

for the education of Indians to an increasing extent. It is believed that this policy should be encouraged.

The Fish and Wildlife Service of the Department of the Interior maintains schools for the inhabitants of the Pribilof Islands, the Navy for the children on Guam and certain other occupied islands, and the Department of the Interior has certain responsibilities for education in Puerto Rico, the Virgin Islands, and Hawaii. Thus, several agencies of the Government conduct schools for indigenous peoples or are basically responsible for such education. Under the present set-up there is little possibility that there can be a common policy for such education. Although it is realized that there should be much variation in educational programs for such peoples in terms of their local problems, special cultures, and other circumstances, it is assumed that one of the purposes of education is to bring them into accord with certain of the broader fundamentals of American tradition and civic responsibility. Hence there should be some policy common to these programs even though administration, particularly for the smaller groups, might be decentralized to the Federal agency concerned with more general operations in the areas involved.

It would be appropriate to establish an interdepartmental council, headed in the Federal educational agency, for this purpose. This agency should also be responsible for conducting periodic surveys and for the conduct of research in connection with these programs and activities. A satisfactory solution of all the educational problems of these peoples, with the great variation in circumstances which exist, cannot be immediately expected. It is believed essential, however, that there be coordination immediately and that information be made available periodically in order that we may develop even more effective programs for meeting our obligations to these peoples.

#### FEDERAL RESEARCH AND LEADERSHIP

The United States Office of Education is the only Federal agency which is concerned with the furnishing of general leadership and research service to the regular elementary and secondary schools in the States. The activities of the office exclusive of elementary and secondary education all fall under the classification of "administration" and may be considered as practically the only Federal activities which have concern for the general welfare, progress, and promotion of these schools generally throughout the country. Their support, in fiscal 1949 less than \$500,000, constitutes a mere pittance in comparison with the total programs and cannot be expected to balance the large number of Federal activities which are involved with special

phases of education, special groups of individuals, or special assistance to geographical areas. The moneys for these activities of the Office of Education are all expended on the Federal level for personal services, publications, travel, and so forth. Only 21 percent of the staff of the Office of Education is devoted to these three activities. If the Federal Government is to avoid being accused of favoritism to special interests and of encouraging imbalance in the elementary and secondary schools of the country, it is essential that it do more than is here evidenced to render general service for a balanced program of education and a balanced service in respect to educational problems to the schools generally throughout the country.

#### MISCELLANEOUS ACTIVITIES

Two Federal programs concerning elementary and secondary education are not readily identified with the classifications considered previously in this section. These are the support of American-sponsored schools in Latin America and the apprenticeship training program of the Department of Labor (cost in fiscal 1949: \$2,615,000). While the former falls more appropriately into a report on the Department of State, it should be noted here that the 14 sponsored schools in Latin America which received over \$170,000 in general support for elementary or secondary education in 1947 were given much more favorable fiscal treatment than the Federal Government has ever been willing to bestow generally for elementary and secondary schools in the United States. A private educational organization in this country, rather than the United States Office of Education, is responsible for the administration of this program. As for the apprenticeship training program, suffice it to say here that there should be much greater cooperation between this activity and the vocational education program, especially in terms of improving vocational guidance and instruction, developing a mutuality of interest, and insuring better coordination of these two programs at the State and local levels. Such coordination must be initiated at the Federal level.

One of the most startling educational phenomena of this decade is the tremendous growth of Federal utilization of the higher educational institutions of the land, public and private, for programs of research and specialized training both in the national interest and in the interest of special groups and special causes. It was only natural during the war that the rich technical and professional resources of these institutions should be devoted in large measure to war purposes. These resources, "discovered" during the emergency period, are being further exploited. This report analyzes the impact of these programs on higher education in the country at large.

# Federal Activities Clearly Concerning Higher Education

## RESEARCH

Nine departments or independent agencies of the Government through many more of their subagencies are making grants or entering into contracts for research through colleges and universities. Between 1947 and 1949 there was almost a doubling of Federal research funds through the colleges and universities of the country. Of the total of over \$160,000,000 of Federal funds in 1949 for this type of activity, the major amount is expended on the college or university campuses and thus has to a considerable extent a definite effect on the programs of these institutions. Practically all this research is in technical or scientific areas.

Although there is no overt Federal effort to influence the course of higher education by these programs (indeed, many universities are probably acting more in the capacity of private contracting research organizations than as educational institutions), there is a definite lack of coordination between the colleges and the Federal agencies. In the interests of common policy and efficiency, measures to insure against unnecessary overlapping and duplication are essential. However, the national welfare justifies Federal participation in this kind of activity.

## HIGHER EDUCATION OF SPECIAL GROUPS OF INDIVIDUALS AND INDIVIDUALS IN SPECIAL FIELDS OF STUDY

Federal programs for higher education of special groups and of individuals in special fields are increasing. Under this classification are placed the programs of assistance to such institutions as Howard University and St. Elizabeths Hospital, grants to States for public health training, support of certain resource development programs under the Tennessee Valley Authority, various fellowship grants, and most important, the extension services of the Department of Agriculture. That part of the total budget for these items which can be identified exceeds \$56,000,000 in fiscal 1949. Of this, over \$31,000,000 is allotted to the agricultural extension program. It is the preponderance of support granted to this last which causes concern. For many years the farm people of the country have been in a favored position in this respect. The current efforts of other groups, notably labor, to obtain support for similar programs leads to the conclusion that a dangerous tendency is in the making. Essentially the agricultural extension service is a program in the field of adult education. It would be unfortunate if the Federal Government were to build up, without integrating, several separate extension services, each for a special group in the population. Such a situation, aside from its

relative unfairness to whatever sections of the population are omitted from consideration, would involve the dangers of partisanship, multiple administration, possibilities of overlapping, and kindred ills. Education, properly protected from partisanship, may be used as a unifying force in the development of our citizenry. Extension programs for specific groups in the population may have a place, but we also need programs which will enable our people to realize that there are important problems, aspirations, and understandings which concern the whole of our society. This problem goes to the roots of effective democratic life.

#### SPECIAL TYPES OF STATE HIGHER INSTITUTIONS

The Federal Government gives general support to two separate types of State higher educational institutions, the State maritime academies and the land-grant colleges, at an anticipated cost in fiscal 1949 of approximately \$6,500,000. The duplication which results from the maintenance of Federal and State merchant marine academies may not be warranted. Perhaps State maritime academies have outlived their usefulness and should either be taken over by the Federal Government or the activities of the State maritime academies should be consolidated into the more general training programs of the United States Maritime Commission. The State contribution to these academies is relatively small as compared with the Federal contribution. Thus there is little for the Government to lose financially and there may be much to gain in unification.

The general support for resident instruction in the land-grant colleges administered by the Office of Education is sometimes referred to as the most effective grant-in-aid made by the Federal Government. This, coupled with the generous endowment of these colleges by grants of Federal lands, has developed 69 colleges and universities in the States and territories many of which rank among our strongest institutions. The expenditures by States for these institutions are many, many times greater than the amount of Federal support. The grants having been quite general in nature involve practically no administration on the Federal level. With minor exceptions the Federal grants have been well administered by the States. We have here an illustration that a rather general cause in the field of education can be supported by the Federal Government without undue Federal controls. A question may be raised as to whether this financial grant has outlived its usefulness. As an incentive this support is no longer needed. The majority of these institutions could carry on without it. In some of the more poverty-stricken States and territories, however, the income from this source is essential to the proper operations of the institutions. Also to withdraw such funds at this time would in effect be a

penalty for good administration. Out of fairness to all concerned, these grants should be continued.

#### GENERAL SERVICE AND RESEARCH

The Federal Government expends many hundreds of millions of dollars each year through higher educational institutions for special types of research, education of special groups of individuals, fellowships in special phases of the curriculum, for the pre- or in-service training of Government personnel, and for exchange of students and professors in the international interest. Yet the only clear-cut case of Federal interest in the general and well-rounded development of the higher institutions of the land is limited in 1949 to the \$167,000 which it has made available for the support of the Division of Higher Education in the United States Office of Education. That the support of this division of the office has more than doubled in the last 2 years is encouraging. That the amount is so small in relationship to the vast amount expended through these institutions for special causes and groups, raises the question as to whether it can be effective as a balancing force to the higher institutions of the land. The Federal Government having supported so many specialized activities in higher institutions owes them more regard for their general interest.

#### EDUCATION AND TRAINING FOR GOVERNMENT SERVICE

There are in operation 14 separate programs, under Federal auspices, designed to offer pre- or in-service training for Government service through the regular colleges and universities. There has been a very marked increase in the use of the colleges and universities for pre- or in-service education and training between the years 1940 and 1949; the cost of such programs has risen from a 1940 figure of over \$4,500,000 to an expected outlay of just under \$34,000,000 in fiscal 1949. The bulk of the funds used for this purpose are spent for the officer training programs of the armed services. Programs of this nature, particularly when implemented by highly selective recruitment methods and subsequent scholarships, point up the fact that there is a competition for the brains of America to an extent hitherto unknown. It is important for the well-rounded growth of America that no one individual group or calling be given too great an advantage in this competition. The Federal Government should reexamine its programs to make sure that it does not draw off unwarranted proportions of talent into specialized fields.

#### INTERNATIONAL INTEREST

Federal educational activities involving international elements and collaboration of colleges and universities consist in the main of the



program of cooperation with other governments in the exchange of students and professors, and the Fulbright program. Although the sums of money spent are relatively small (approximately \$900,000 in fiscal 1949), these programs raise specialized and complex problems for the higher institutions of the country. Their complexity is increased by the fact that administrative responsibility is shared by several Federal agencies working through the private Institute for International Education.

#### FEDERALLY OPERATED HIGHER INSTITUTIONS

The Federal Government operates several higher educational institutions of its own, in addition to its work through those outside. These are: The Military, Naval, Coast Guard, and Merchant Marine Academies, the graduate schools of the National Bureau of Standards and the Department of Agriculture, and a postgraduate school for naval personnel. Institutions of this nature which confine themselves to in-service training pertinent to the work of the sponsoring institution raise no broad problem. This is not the case, however, with such an agency as the Graduate School of the Department of Agriculture, which serves a student body composed as follows: 14 percent from Agriculture; 74 percent from other Federal agencies, and the remainder from outside Government. The courses of study are not confined to agricultural subjects, but run the gamut of the humanities, the natural, and the social sciences.

Is this the beginning of a national university? Over the years when the matter has been discussed Congress has always thought it would be contrary to good public policy to have a national university. Are there regularly organized universities in the Washington area which can care for the in-service and general cultural needs of the clientele now served by the Graduate School of the Department of Agriculture? This report does not attempt an answer to these questions. Insofar as this Graduate School serves the in-service training needs of personnel of the Department of Agriculture it is to be commended. The fact that much of its work is beyond that which is specifically of the Department of Agriculture raises doubts regarding its function and place in the Federal structure.

It is suggested that consideration be given to a plan whereby the needs for in-service training of a graduate nature in fields related to the activities of the various departments of the government be centralized in the Civil Service Commission with coordination and assistance from the Division of Higher Education of the Office of Education. In such a plan, general cultural education and whatever areas of technical and scientific study are already well developed by regular higher institutions in the Washington area, may well be cared for by those institutions.

An evaluation of the academies of the Army and Navy, Coast Guard, and Maritime Commission is not undertaken in this section of the Commission report. It may be pointed out, however, that the general tendency throughout higher education in this country is to devote the first 4 years of college to more generalized and basic studies of the curriculum leaving professional training for graduate work or at least to the last 2 undergraduate years. There may be some merit in reviewing the programs of these academies in this respect with the possibility of unifying the earlier years of study. This might help to develop a national defense force better able to think in terms of the total defense needs rather than in terms of the separatist tradition of individual departments of the National Military Establishment.

In passing, the question is raised as to whether there may be unnecessary overlapping between certain basic training in seamanship offered by the Navy, the Coast Guard Academy, and the Merchant Marine Academies. Because of their close relationship particularly in time of national defense emergency, the possibility of unifying at least a portion of the program should be seriously reviewed.

## **Federal Activities Covering All Levels of Education**

This section deals with a number of important Federal programs which affect all levels of education. These include education of veterans, institutional on-farm training, vocational and physical rehabilitation, and education in nonmilitary subjects within the military establishment.

### **EDUCATION OF SPECIAL GROUPS OF INDIVIDUALS**

Activities in the category of the education of special groups of individuals at all levels of education through the regularly constituted educational institutions of the country, include the programs for the education of veterans under Public Laws 16 and 346 administered by the Veterans' Administration, and the program for the rehabilitation of disabled persons in educational institutions, administered by the Office of Vocational Rehabilitation in the Federal Security Agency.

#### *Education of Veterans*

The programs for education of veterans under Public Laws 346 and 16 are so well-known that it is unnecessary to devote a detailed description to these activities. These programs are among the most significant ventures in education that the Federal Government has ever undertaken. Their commendable reception by the public at large, by educational institutions, and by veterans is testimony to their value.

A few features of these programs are noted, however: (a) the sums devoted to these purposes constitute the majority of the total Federal funds for all educational purposes, a figure of roughly 3 billion dollars in 1948; (b) the average enrollment of veterans for the months of February through April 1948 increased more than 600,000 over the average enrollment for 1947. Institutional on-farm enrollment increased 136 percent for the same period, enrollment in noncollegiate institutions rose 65 percent, schools of higher learning increased enrollments by 30 percent, while on-the-job training enrollment dropped by 9 percent; (c) almost 5.5 million veterans, approximately half of whom were in training on April 30, 1948, have taken advantage of these programs.

It is important to add that there has sometimes been a wide disparity between the purpose of Public Law 346 and the actual practice in this program, particularly with respect to much of the training given in school courses below the college level. For example, huge sums have been expended under the law for such things as sport flying, ballroom dancing, hobby photography, and other training in fields offering few vocational opportunities compared to the number of veterans enrolled. This situation was partially corrected by the 1949 Supplemental Independent Offices Appropriation Act which passed Congress in June of 1948. By this, expenditures are eliminated for courses determined by the Administrator of Veterans' Affairs to be avocational or recreational in character, except that flight courses elected for use in the veteran's occupation or contemplated occupation are not to be considered avocational or recreational. Also limitations were placed upon profit schools in which the majority of the enrollment consists of veterans.

In our effort to keep the Federal Government from exercising any control over the standards and purposes of education in States we have permitted abuses to arise. We are now attempting by a process of negotiation to eliminate the worst of these abuses. It would seem that the Federal Government has a greater right to demand minimal standards than has previously been evidenced in this program.

### *Institutional On-Farm Training*

The institutional on-farm training program for veterans under Public Law 346, as amended, is deserving of special mention due to a number of its rather distinctive features. Certain planning for this program was made in coordination with the Division of Vocational Education of the United States Office of Education. Considerable responsibility is placed on States and in most cases the State boards for vocational education have assisted with the program. The Veterans' Administration reimburses the States, and through them the local areas, or reimburses local areas directly, for conducting the pro-

gram at an agreed cost which is found to be fair and reasonable, including a fair and reasonable allowance for administrative costs. In 32 of the States, as of June 30, 1948, agreements were in existence between the Veterans' Administration and the State boards for vocational education (or other designated State agencies) for the operation of the program. In other States, the agreements were with local boards of education or individual schools. Such administration and supervision as is done by staff under the Federal program of vocational education is not reimbursable from Veterans' Administration funds.

In some instances the local high-school agriculture teachers assist with the program, but the more prevalent plan is to employ special vocational agriculture teachers for this purpose. Some 11,000 special teachers are currently employed by local boards of education throughout the country for this purpose. The usual ratio is 1 teacher for each 20 trainees. These teachers conduct the 200 hours of classroom instruction required of each trainee per year and the added and related 100 hours of on-the-farm instruction required for the self-employed veteran or 50 hours required for the employed enrollee. In some States each self-employed trainee must develop a plan for his farm, to be approved by a special council in each county. (In June 1948, 90 percent of veterans under this program were self-proprietors—that is, managers of farms they own or on which they are tenants.) On this council the various interests, including the county agricultural agent (U. S. Department of Agriculture extension program), representatives of the program for vocational education, and leading farmers, are represented. Here the assistance of the various local and Federal agencies dealing with related problems are enlisted and coordinated. This is an excellent example of coordination which might well be extended to other areas of Federal concern. The effort is not so much in the direction of defining areas of action and of defending those areas as it is in the direction of attempting to locate means and implementations for strong mutual support of a program. Rather than an overlapping of jurisdictions, there is coordinated and beneficial support.

### *General*

The vocational rehabilitation program of the Federal Security Agency is involved with many activities outside of the field of education. Since 1943 its emphasis has changed from vocational reeducation to physical rehabilitation or restoration. Insofar as the programs of this section of our report have concerned or operated through the regularly constituted educational institutions of the country, they have been highly effective both in the interests of the institutions and in the national interest.

Except for a few matters mentioned above and which primarily involve profit institutions, these programs should continue much in their present form. There are those who have felt that the Veterans' Administration has curtailed States' rights in education by its procedure in dealing directly with educational institutions. Were this program primarily concerned with the secondary or elementary schools of the country, for which all States have a central control or operating staff, there would be merit in this objection. Very few States, however, have any over-all centralized State offices for dealing with higher educational institutions and even when such exist they have little or no control over private higher educational institutions. On the higher educational level particularly, these private institutions constitute a very definite part and parcel of the regularly constituted higher educational program of the land. Thus we know of no currently available means whereby the bulk of the program of veteran education and its administration could have been decentralized to the States. In fact, authority to approve schools which has been delegated to States has been the basic cause of the major difficulties which this program has encountered. The blame for this should not be placed upon the States, however, but rather on the Federal Government for not having previously set minimal standards for the selection of those educational institutions through which veterans might be educated.

#### "CIVILIAN" EDUCATION OF THE NATIONAL MILITARY ESTABLISHMENT

Among the many interesting and valuable educational contributions of World War II has been the growth of education similar to that offered in our regular institutions of the country by the armed forces. This has been motivated by several conditions. In the modern type of military training and procedure the general educational level and the competency of individuals is an important factor. The opportunity to gain general educational advancement is an added incentive to enlistment. And beyond this, credit should be given to our military leaders for their desire to raise the educational level of society at large. In the long run the effectiveness of the military forces is closely allied with the effectiveness of individuals throughout the country.

The Armed Forces Institute is operated for the benefit of the Army, Air Force, Navy, and Marine Corps. Available for this service in fiscal 1949 is well over \$4,000,000. Its over-all educational policies are determined by a committee of leading civilian educators and Army and Navy officers. Its correspondence courses, many of them prepared by leading educational institutions in the country, cover a broad variety of subjects at all levels of education. These programs are to be commended. They are in line with good military policy as well as good general social policy. Their continued support is highly warranted.

While the Office of Education contains divisions concerned with particular levels or phases of education, a large part of its general administrative budget must be considered as applying to all levels. This Office is also involved in the intergovernmental exchange of students and teachers program at all levels. The Navy, responsible for the general education of the natives of Guam and other island areas, provides certain facilities for higher education as well. The Department of Justice is concerned with the academic and vocational education of Federal prisoners. In a few instances, the Federal Government contributes financial support to certain private educational corporations—that is, the Columbia Institute for the Deaf and the American Printing House for the Blind.

The unique place of these two last-mentioned institutions in American life and in meeting the needs of special groups therein warrant continued Federal support. Were this support withdrawn, definite curtailment of essential services would result. Each institution, to a considerable extent, serves people from all parts of the country.

There is no indication within the activities of this classification of overlapping jurisdictions or of other matters which should concern this report. One might raise the question as to whether the professional staff of the Office of Education and particularly the Division of Vocational Education could be of assistance in advisement in connection with the education of Federal prisoners. It is assumed that if such assistance is needed, the Department of Justice should initiate the request.

## **Federal Activities Not Concerning Regular Institutions**

A number of Federal educational or training activities, concerned with in-service programs for Federal personnel and the education or training of non-Federal employees in specialized fields of study not normally in the curriculum of the regular schools of the country, clearly do not concern the regularly constituted schools and colleges. The close relationship of these to education and the fact that the methods and materials of education are used in these warrants their inclusion here.

### **IN-SERVICE EDUCATION AND TRAINING FOR GOVERNMENT SERVICE**

A listing of the more formal in-service training activities of the Federal Government—activities which do not concern the regular schools of the country—would indicate 36 such programs currently in operation under 11 Government agencies. The 36 programs are

distributed as follows: One each for the Department of State, Army (including 38 service schools, etc.), Veterans' Administration, Interstate Commerce Commission, Tennessee Valley Authority, and Railroad Retirement Board; 2 each for the Departments of Justice, Commerce, and Interior; 4 each for the Treasury Department and the Federal Security Agency; 6 under the Air Force; and 10 under the Navy.

We have already noted many programs of the pre- or in-service nature which utilized the higher institutions of the land. When is it more desirable to utilize these or other already existing institutions? When is it more desirable for the Government to operate its own programs for education and training? A comprehensive study to find the answers to these questions should be made. Similarly, answers are needed to such questions as: Is there needless overlapping at some points in these activities? Could consolidations, as for instance in certain common training areas of the Army, Navy, and Air Force, be effected to advantage? Is there a possibility that a Federal educational agency could furnish desirable professional services in planning these programs, thus increasing effectiveness and eliminating necessity for duplicating professional staff in education? For instance, is it necessary or desirable to have technical staff and facilities for the production of training films and other audio-visual aids in several agencies of the Government? The same question might apply to other fields, including that of subject matter and psychological tests and measurements for personnel and training uses. What might be the role of the agency having major over-all responsibility for Federal personnel policies and administration in these regards? It is believed that research on such questions as these may be of assistance in obtaining higher effectiveness in the Government service as well as in eliminating unnecessary overlapping of staff and services.

#### PROGRAMS PRIMARILY FOR NON-FEDERAL EMPLOYEES

Similarly, the Federal Government has embarked on a number of specialized programs primarily for the education and training of individuals for non-Federal service. Examples of this type of activity are the National Police Academy of the Department of Justice, the Yosemite Field School of Natural History in the National Park Service, and the coal mine safety program under the Department of the Interior's Bureau of Mines.

Practically all these programs train personnel in fields close to the national interest. The existence of a well-manned merchant fleet is a national concern at all times, and particularly so in times when national defense needs are paramount. A coal mine disaster is always a matter of grave national concern. The proper policing of the country, and the coordination of crime investigation activities between

local, State, and Federal agencies is a concern of all. To have properly trained medical and public health personnel generally available is important to the welfare of the people of the country. Important as these are, why stop here? An adequate supply of individuals capable and skilled in the building of homes is currently important for the national welfare. The national welfare is also very close to our effectiveness in having capable and skilled individuals to teach in our schools, to man our railroads, to transmit our communications, to assess our taxable property, to sell us our food, to supply us with proper clothes, and to conduct a myriad of other activities and services which concern us as individuals or as a collective body of individuals. It is apparent that to carry this policy of Federal training of nongovernmental employees to its logical conclusion would create a paternalistic state. The policy is correct that the Federal Government should train nongovernmental employees in fields not available in our regularly constituted institutions of the country which are closely allied with the national defense. Beyond this, we are less certain. A strong democratic nation must have strength in the grass roots of its individuals, communities, and States. Insofar as Federal activities help build strength and initiative here, they serve the cause of democracy. Insofar as they tend to develop a paternalistic federalism they antagonize our basic philosophy of government. While mindful of the welfare of individuals and of the varied interests in the Nation, we must guard against the paternalistic approach. The method by which these activities are carried out may be the crux of the situation. A maximum of responsibility must be placed on the individual, the community and the State.

## **Nonbudgetary Federal Assistance to Educational Institutions**

In addition to the fiscal budget activities which are operated by and under the executive departments, the Federal Government has rendered considerable assistance to education in nonbudgetary items, particularly in the post-World War II years. For example, during approximately 2 years to May 1948, surplus property (land, equipment, etc.) initially valued at \$646,663,358 was made available to educational institutions by the War Assets Administration, Army, Navy, and Air Force, with the cooperation of the United States Office of Education. Also, under the veterans' educational facilities program, there has been or will be made available to educational institutions where need has been certified by the United States Office of Education a total of 16,534,000 square feet of buildings, the title to which passes to the institutions. Veterans' housing at educational institutions has been provided by the Housing and Home Finance Agency (previously the National Housing Agency) in cooperation with local agencies



which provide site, development of streets, sidewalks, trunk utilities, and management. The McGregor Act (Public Law 796), which passed the Eightieth Congress on June 20, 1948, generously made an outright gift to educational institutions of all veterans housing which had been built on land belonging to them. It is estimated that by this act some 129,000 housing units were given to colleges and universities, who were thereafter to receive all rentals therefrom.

## **Federal Activities Tangential to Education**

In the study of Federal services to education, some mention should be made of Federal libraries and Federal library services.

Many of these services are beyond the scope of the Commission's work since they involve activities of the legislative branch of the Federal Government, but the executive branch does assist school, college, and public libraries in many ways and Federal libraries have a profound effect upon library programs throughout the Nation.

The bibliographic services of the Department of Agriculture, the Army Medical Library, the Department of Commerce, and the publications of the various departments are eagerly sought by libraries as educational tools. In turn, many Federal libraries and Federal research programs are strengthened through the cooperation of outside libraries. The primary need in this field is correlation of these services and the establishment of standard procedures.

It is quite possible that greater cooperative use of libraries as distributing agencies for Government publications would increase the publications' effectiveness and eliminate much waste in their use.

The Service to Libraries Section of the Office of Education should assume leadership in the solution of such problems. However, until it is able to establish itself more firmly both financially and in the esteem of officials, it is not likely to be able to do so.

## **The History of Noncontinuing Emergency Federal Activities in Education, 1933-46**

During the emergency periods of the depression and World War II, the Federal Government undertook a number of temporary educational projects, several of which were in marked contrast with previous national policy in respect to education. Certain other of these Federal activities are significant in extending policy as previously developed. A few of these projects are described in this section in the belief that certain lessons may be gained therefrom which will serve as guides to future educational participation and organization by the Federal Government.

## EDUCATIONAL ACTIVITIES ORIGINATING AS RELIEF MEASURES DURING THE DEPRESSION PERIOD.

### *The Civilian Conservation Corps*

The first Federal agency to deal with the problem of aggravated youth unemployment was the Civilian Conservation Corps, established in 1933. This was strictly a Federal project with practically no State or local educational participation. Although initially conceived primarily as a relief and conservation measure, it soon became evident that its work must of necessity be educational. Within a matter of months after the initiation of the Corps, the assistance of the United States Office of Education was enlisted in the establishment of an educational program. With new legislation in 1937, more prominence was given to the educational aspects of the program.

The technical details of this program were formulated and recommended by the United States Commissioner of Education, who appointed area, district, and camp educational advisers responsible to the military commanders at each level. With the multitude of cooperating Federal agencies and the high degree of coordination necessary, it is noteworthy that relatively little operational criticism has been made of the CCC program. On July 1, 1939, the CCC was placed under the Federal Security Agency, and in 1942 Congress provided that the Corps should be liquidated not later than June 30, 1943.

### *The National Youth Administration*

The NYA was established in 1935 and was liquidated by January 1, 1944. Its purpose was to provide work training for unemployed youth and part-time employment for needy students so that they might continue their education. The NYA was strictly a federally operated and administered program. Most of its activities were involved either with: (a) Out-of-school work projects, or (b) student work projects. As both the NYA and the Office of Education were conducting programs involved with national defense training, considerable conflict in jurisdiction developed, culminating in an agreement signed by the administrators of each program in July of 1940. This friction stemmed primarily from the fact that the NYA established federally operated schools in some cases paralleling local facilities, and without coordination through existing State educational agencies. This led to the claim that the program was an infringement on the prerogatives of the regularly constituted educational system, and that it developed a needless duplication of facilities.

### *Miscellaneous Federal Educational Activities During the Depression*

It is difficult, and, furthermore, unnecessary, to enumerate all the emergency educational activities of the Federal Government which

were initiated during the depression period. Two programs illustrative of policy and procedure, the Works Progress Administration and the Public Works Administration, should be mentioned. The administrative relationship, with the previously existing educational agencies, both on the Federal level and in States and communities, varied, but in general it may be said that these existing agencies were by-passed. Usually the projects were conducted by noneducational Federal agencies directly with communities or local school systems.

## EDUCATIONAL ACTIVITIES FOR NATIONAL DEFENSE AND WAR

It became evident as early as 1938 that the educational resources of the Nation were essential to prepare for defense. During the next few years many emergency educational programs were initiated or expanded by Federal agencies, and the schools and colleges of the country went through a reconversion to equip men and women for adequate participation in the war effort. The Military Establishment developed the largest program of adult education this country had ever known.

### *Major Defense and War Activities of the United States Office of Education*

1. *Vocational training of war production workers.*—In the interval between April 1939 and May 1940 the Office of Education and Army representatives made an inventory of the equipment and training capacity of the public vocational schools of the Nation, anticipating that these schools might be a major factor in training skilled workers for the defense industries. On June 27, 1940, \$15,000,000 was appropriated for the purpose of operating the defense training program. Plans had been so well laid that by July 1, 1940, hundreds of vocational schools were in operation under this program, with enrollments of approximately 75,000 trainees during the month.

The program was administered by using the same channels and organization available for the Federal-State cooperative program of vocational education, with such expansions in personnel as needed. The Office of Education administered the Federal phases of this activity, dealing through the State boards for vocational education with the vocational schools in local school systems.

The Federal Government paid the cost of instruction, and equipment was to be purchased only after specific proposals were approved by the Office of Education. States contributed use of previously available buildings and equipment and services of certain types of personnel. During the 5 years during which the program operated, \$296,703,-139.34 of Federal money was distributed to the States for operation of the program. There was considerable evidence of close cooperation

with industry and with other governmental agencies in the conduct of this program.

2. *Rural war production training program.*—This program was inaugurated in October 1940 by Public Law 812 of the Seventy-Sixth Congress, third session. Initially concerned with training of farm youth not needed on farms in elementary skills sufficient to enable them to secure employment in defense industries, the program soon changed emphasis to production of food crops. More than 8,000 local secondary schools, through their departments of vocational education, participated in the program.

The administration of this activity was by the Office of Education through the State boards for vocational education, as in the case of the defense training program described above. Federal sums appropriated were \$63,000,000 for the slightly less than 5 years during which the program operated. The actual expenditure was well within this figure.

3. *Engineering, science, and management war training.*—This program, established in October of 1940, utilized the facilities of the colleges and universities of the country to train technical specialists for the defense and war effort just as the vocational schools were used in training workers. The activity was administered by the United States Office of Education, and, as far as possible, the responsibility was decentralized to participating colleges and universities. The Federal Government expended nearly \$60,000,000 on the program between its initiation and its close on June 30, 1945.

4. *Student war loans program.*—In order to bolster the diminishing supply of available persons in various professions, the Congress in 1942 authorized \$5,000,000 for loans to students engaged in professional preparation. The accelerated program in colleges and universities had demanded the full time of students, making it practically impossible for them to be employed while studying. Loan funds were allocated to approved institutions by formula, and much of the administration was delegated by the Office of Education to the institutions.

#### *Selected Defense and War Activities of Noneducational Federal Agencies.*

1. *Educational activities under the Lanham Act.*—Although activity under this program had not yet entirely ceased in fiscal 1949, the program is included here because it was war-incurred and is generally conceded to be nonpermanent.

The Lanham Act<sup>1</sup> of 1941 provided for financial aid to communities where the presence of a war-incurred Federal activity had created financial burdens which the community could not be expected to bear.

<sup>1</sup> 55 Stat. 361.

Under this authority, considerable educational aid has been given. The act was preceded by a study made by the United States Office of Education, through State departments of education, at the request of the War and Navy Departments. From 1941 to June 30, 1947, a total of more than \$187,000,000 was spent on programs of: (1) School construction and equipment; (2) school maintenance and operation assistance; and (3) child care.

Administration of the act was vested in the Federal Works Agency. Responsibility for advising on all educational phases of the program was given to the United States Office of Education. The Federal Works Agency undertook to deal directly with local school districts rather than through State agencies. Shortly after the program started, State educational officials objected to this practice, claiming that distribution of assistance was not always in accord with priority of war-incurred need. As a result, an amending act of 1943<sup>2</sup> specified that no funds for education should be expended without prior consultation with the United States Office of Education and the State department of education involved. The final determination of allocation of funds remained with the Federal Works Agency, however, and in many instances the recommendations of these educational agencies were not followed. With the end of the war, the United States Office of Education terminated its part in the program.

a. *School construction program.*—Federal funds were used to finance, in whole or in part, the construction of new school buildings. Those financed entirely by the Government were federally owned (and leased without cost to school districts), while those largely financed locally were turned over to the school districts.

b. *Maintenance and operation assistance.*—Funds were provided to compensate school districts for education of children living on nontaxable Federal reservations, and in temporary war housing when Federal payments in lieu of taxes were insufficient to meet costs. In other localities where the tax base was reduced by Federal purchase of land and facilities and where there had been an influx of war workers, funds were made available for the operation of schools. Nursery schools to provide for the children of mothers working in war industry were also operated with funds from this act.

c. *Child care program.*—The primary purpose of the child care program under the Lanham Act was the provision of facilities for the children of working mothers in order that more women workers might become available for war activity.

Since the war this activity under the Lanham and subsequent acts has been diminishing. However, in 1947, \$6,688,722 was obligated in

<sup>2</sup> 57 Stat. 565.

aid to these schools. Schools in Georgia were provided with \$1,090,-585, while schools in 19 States and Territories received no funds. In 1949, \$3,000,000 is available for this program.

2. *Miscellaneous activities affecting colleges and universities.*—Space does not permit a detailed description of the numerous war activities of the Federal Government which were carried out through the colleges and universities of the country. A few are only very briefly mentioned here.

Many colleges and universities throughout the country were under contract with the Civil Aeronautics Authority of the Department of Commerce to train pilots subsequent to the passing of the Civilian Pilot Training Act of 1939.<sup>3</sup> The CAA reimbursed these institutions on a full cost-of-instruction basis for courses in ground school subjects and for flight training. The purposes of this program were to provide a reservoir of pilots to supplement in time of emergency the trained personnel of the military forces and to stimulate private flying. After June 1942 the trainees were limited to military personnel.

Early in the war the Army Specialized Training Program was established, utilizing the staffs and facilities of about 200 colleges and universities across the country. Enlisted men were sent by the Army to these institutions to pursue studies in engineering, medicine, chemistry, linguistics, mathematics, physics, and other fields, in combination with other regular liberal studies of the curriculum. The program was based on long-range social needs as well as upon immediate military needs. Under the ASTP, the enlisted men received regular Army pay, food, clothes, books, and rooms, and the Army paid tuition to the colleges and universities.

Several other programs with certain similarities to the ASTP were in operation, including the Navy College Training Program, Army Air Forces College Training, and Navy Air Forces Program. On October 1, 1943, these 4 programs enrolled 212,528 men in 628 colleges and universities.

Many higher institutions of the country were used directly by the military forces for training units in specialized fields such as military government. Other institutions were under contract to furnish specialized instruction such as for Army Air Forces weather officers.

The Armed Forces Institute, a large correspondence school operated for both the Army and Navy, gave courses in supplemental military instruction and in regular high-school and college subjects.

Following 1943, a Public Health Service subsidized individuals to train as nurses.

Extensive and invaluable research projects were conducted with Federal support, a total of \$82,255,493 of Federal moneys being spent

<sup>3</sup> 53 Stat. 855.

through universities and colleges for this purpose during the 18 months following March 1943.

Without further illustrations or elaboration, suffice it to state that all major higher institutions of the country, and many smaller ones, were deeply involved in the war enterprise. The Federal Government found the resources of the colleges and universities of the country invaluable in the war effort. Without detracting from the value of this entire program in its large contribution to the war, it must be stated that without these Federal projects many of these higher institutions would have been hard pressed to maintain their programs. A number of the projects, either openly or tacitly, were designed to make it possible, with Federal support, for the higher institutions of the country to survive the period of low enrollments of the war period. This became a matter of Federal concern.

## Chapter III

# THE UNITED STATES OFFICE OF EDUCATION

Although the Office of Education plays a relatively minor role in the total educational enterprise of the country, in terms of personnel, salaries, and operating responsibilities, yet it is of major importance as the sole Federal agency concerned with over-all problems of educational policy and administration. Its organization and role must be considered in any treatment of Federal educational policy or organization. The following brief description of its history, mission, and structure gives the essential background.

### History

The mid-1800's saw a heightened interest in public education in the States which was greatly stimulated by the Civil War and its aftermath. The limitations on the effectiveness of the several States in building an adequate educational system when working independently became increasingly apparent to educators and statesmen alike. The desirability of a national educational headquarters, which would study educational problems and collect and disseminate educational information, became increasingly apparent.

As a result, early in 1866 Representative Garfield of Ohio introduced a bill to establish a department of education in the Federal Government. The congressional debates which followed clearly indicated the desire to refrain from any centralization of educational authority in the Federal Government which might infringe upon the basic responsibilities of States. The opinion was expressed that the Federal interest would be furthered, as better education in the States would be a factor in preventing a recurrence of such a disaster as the Civil War. It was felt that no educated people would be led into revolt.

The bill passed Congress by a narrow majority and was signed in March of 1867. It specified a Department of Education, without Cabinet rank, for the purpose of . . .

. . . collecting such statistics and facts as shall show the condition and progress of education in the several States and Territories, and of diffusing such information respecting the organization and management of schools and school



systems, and methods of teaching, as shall aid the people of the United States in the establishment and maintenance of efficient school systems, and otherwise promote the cause of education throughout the country.<sup>1</sup>

It further specified that the President should appoint a commissioner of education to receive \$4,000 per year and, among other things, that the commissioner should report to Congress each year "the results of his investigations and labors, together with a statement of such facts and recommendations as will, in his judgment, subserve the purpose for which this department is established."

In the following year, Congress changed the name of the new agency to Office of Education, and placed it in the Department of the Interior, where it remained until July 1, 1939. On that date it was transferred to the Federal Security Agency. In 1870 the agency was renamed the Bureau of Education, and was so known until the name Office of Education was restored in 1929.

It will be noted from the basic act establishing the Office of Education as quoted above, its initial purposes were to: (1) Collect statistics and facts to show the condition and progress of education; (2) diffuse information to aid in the establishment and maintenance of efficient school systems; and (3) otherwise promote the cause of education throughout the country. These are still considered to be the primary mission of the office. They are attained through research, service, and leadership, which should continue to be the major means by which the office accomplishes its mission.

The Congress from time to time, however, has placed administrative responsibility for new or expanding activities in the Office of Education. A few of these are worthy of mention: (1) Responsibility for the education of native children of Alaska, 1885 to 1931; (2) responsibility for the administration of the fiscal grants for resident instruction in land-grant colleges, 1890 to date; (3) administration and supervision of the program of aid to States for vocational education (Smith-Hughes Act of 1917), 1933 to date; (4) since 1933, the administration of certain phases of several programs, such as the CCC, the NYA, the training of war production workers, the disposition of surplus properties to educational institutions, the provision of facilities for the education of veterans, and in the international exchange of persons.

While these activities have demonstrated the flexibility of the Office in meeting continuing or emergency needs of the country, they have involved it in activities secondary to its historical mission. However, the Office has always been a champion of the rights of the States to develop their educational programs, and has insisted, whenever possible, that programs operate by placing initiative and responsibility on State school systems and on individual institutions of higher learning. The degree to which administrative detail can be carried on

<sup>1</sup> 14 Stat. 434.

without undue interference with the major responsibilities of research, service, and leadership is a matter of concern which will be treated later in this report.

The Office of Education is currently organized in accord with recommendations made by the Commissioner in 1944. These recommendations were made on the assumption that:

The United States Office of Education should be strengthened and reorganized in order that it may be prepared to do its indispensable part in giving national leadership and assistance to the educational systems and institutions of the several States and their local communities in meeting the long-term educational demands of the postwar period.<sup>2</sup>

#### SUMMARY OF BROAD FUNCTIONS OF A FEDERAL OFFICE OF EDUCATION

In sum, bearing clearly in mind that the control and administration of education are State and local functions, and assuming that a spirit of cooperation and mutual helpfulness continues to exist between the States and the Federal Government in the field of education, the broad functions which the United States Office of Education should be prepared to carry on will include:

1. The collection of information with respect to education in the States and in other countries so as to make possible intelligent comparisons and conclusions regarding the efficiency of educational programs.

2. The formulation and recommendation of minimum educational standards which ought to be made to prevail in the schools and colleges of all the States and the preparation of suggested proposals and plans for improving various educational practices, arrived at by cooperative planning among private and public educational organizations and lay groups, such recommendations and proposals to be influential only if their merit and appropriateness warrant voluntary acceptance by the States and institutions.

3. The provision of services of a national character that cannot well be undertaken by single States acting alone, e. g., the collection, interpretation, and dissemination of national statistics, the conduct of national and other important surveys, the convening of conferences of national significance.

4. Pointing out desirable educational ends and procedures, evaluating educational trends, and giving educational advice and discriminating praise.

5. The offering of consultative services to States, school systems, and higher educational institutions on problems of reorganization, finance, administration, and curriculum.

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<sup>2</sup> Annual Report of the United States Office of Education for the Fiscal Year 1944, Federal Security Agency, Washington, D. C., 1945, p. 67.

6. The coordination of Government activities relating to education through schools and colleges.

In all such functions, it will be apparent that encouragement and stimulation rather than control are envisaged as the objectives of the Office of Education with respect to education in the States.<sup>3</sup>

Although the plan for reorganization was formally placed in effect, most divisions are still only partially staffed. In this connection, some criticism has been leveled at the Office for having too many top-flight specialists and administrators in proportion to individuals in lower positions. The Office has believed that, if it is to exercise real leadership and provide useful service to the schools of the Nation, it must have capable men and women on its staff. To this end, if only a few positions. The Office has believed that, if it is to exercise real leadership, an effort has been made to bring strong personnel to top positions. It is argued that to fill subordinate positions first would deny competent professional leadership and service to the States and unduly complicate personnel problems if more competent individuals were added at the top later. A tradition of relative incompetency, started early in the reorganization, would jeopardize the whole program. The Divisions of Secondary Education and of Higher Education are cases in point. The high-type individuals recently brought to leadership in these divisions, even though the subordinate staffs therein are as yet very small, have already demonstrated a degree of leadership and service to the schools of the country out of proportion to the size of these divisions. The Office has been generally justified in giving priority to the filling of top positions when its appropriations are insufficient to fill all positions which are encompassed in its long-range plans.

This reorganization places the activities of the Office in eight divisions. The Division of Elementary Education has for its purpose the development of a continuous program of service which will make for the improvement of the elementary-school programs throughout the country. The four subgroups of this division are devoted to elementary-school organization and supervision, teacher education, instructional problems, and exceptional children and youth. In May of 1948, no staff members were assigned to the subgroup for teacher education.

The Division of Secondary Education was created to serve the areas of secondary education not served by the Division of Vocational Education. This division, although still much smaller than the Division of Vocational Education, is making an effort to balance the services of the Office in respect to all aspects of secondary education. The three subgroups of the division are devoted to secondary-school organization and supervision, teacher education, and instructional problems.

Again, by May of 1948 no staff members had been assigned to the subgroup for teacher education.

The Division of Higher Education is designed to serve the needs of colleges and universities. The three subgroups of the division are organization and administration, professional education, and arts and sciences education. This division is very sketchily staffed.

The Division of Vocational Education is by far the largest purely educational division of the Office as now constituted, employing some 80 individuals, over half of whom are professional personnel. This division is responsible for the administration of the Federal-State co-operative vocational educational program. Its subgroups are concerned with State-plans operations and program-planning operations, the latter being divided into agricultural education, trade and industrial education, home economics education, business education, and occupational information and guidance. In the spring of 1948 the function of auditing of Federal vocational funds in the States was transferred to the Federal Security Agency offices.

The Division of Central Services brings together in one division those services that are necessary to facilitate the operations of the Office of Education as a whole. Its subgroups are research and statistical service, information and publications, Office of Education library, and administrative management and services (internal "house-keeping" for the Office). In 1948, the Administrator of the Federal Security Agency moved the education library to the Federal Security Agency library and withdrew the information and publications section to the Agency over-all information and publications section.

The Division of International Educational Relations carries on activities designed to aid in interpreting United States life and culture through educational agencies abroad and to help our people understand and appreciate the life and civilization of other countries. Its subgroups are devoted to American Republics educational relations, European educational relations, British Empire educational relations, and Near and Far East educational relations. The last two have had no personnel.

The Division of Auxiliary Services brings together six units, representing somewhat diverse functions, as follows: Services to libraries; administration of school and college health services; school-community recreation; problems of school-lunch programs (which has no personnel); educational use of radio; and visual aids to education.

The Division of School Administration has for its purpose cooperation with the State and local educational authorities in formulating and carrying on essential studies and services in the field of school administration. Its subgroups, indicating something of its activities, are as follows: General administration; school finance; school legislation; school housing; and (educational) business administra-

tion. The last subgroup has no personnel and other subgroups are scantily staffed.

The Office of the Commissioner of Education has on its immediate staff one deputy commissioner, one associate commissioner, and five secretaries.

Possibly agreement on a more clear-cut role for the Office of Education would enhance its opportunities for better internal organization. If its historical role is to remain predominant, it is believed that a number of changes should be made. Actually, the child progresses by continuous growth throughout his school experience. Our most advanced school systems of the country have attempted to set up their administrative and supervisory services to encourage rather than to impede consideration of this continuous-growth process. To this end they have organized their top administrative offices so that curriculum, for instance, is planned as a whole for both elementary and secondary schools. If we are to have articulation between levels of the school system, it is essential that research and advisement not be arbitrarily split. A form of organization based more on functional aspects might be preferable to one which duplicates and separates school organization and supervision, teacher education, and instructional problems into a Division of Elementary Education and a Division of Secondary Education.

A number of other questions should be raised relative to this organization, of which the following are illustrative. Is it desirable for the Division of Secondary Education to have separate specialists in organization and supervision for large high schools, and for small and rural high schools? Is it necessary, for instance, to have "reimbursable" home economics (with Federal vocational education assistance) problems referred to the Division of Vocational Education, while "nonreimbursable" (supported entirely from State and local sources) home economics problems are referred to the Division of Secondary Education? Why should the Division of School Administration deal with certain administrative problems, while others go to subgroups for School Organization and Supervision in the Division of Elementary and of Secondary Education? Is it necessary or desirable to have specialists in school health problems located in three divisions of the Office?

Three functions have recently been removed from the Office of Education to the central offices of the Administrator of the Federal Security Agency: Office of Education library, auditing of educational grants to States, and the information and publications service. If the results of this removal are to improve services to the schools of the land, such a move may have much to commend it. If, however, it is for the sole purpose of amassing more power for the sake of power in the office of the Administrator, it is to be condemned.

The Office of Education library is one of the outstanding libraries of this field. Its purpose is primarily to aid in the researches of the Office and to answer requests for assistance. Its librarians have been just as much research assistants and research bibliographers as they have been librarians. Its use as a research tool should be increased rather than diminished. Any sincere attempt to make library services more effective by centralization and amalgamation should be balanced against the possibility of interference with the primary function of this library.

In the auditing of educational grants to States, the primary one being that for vocational education, we believe that the major concern should be that the general and specific purposes for which the Federal moneys are granted be carried out by the States. Certainly the Government, in making grants, should ascertain that its moneys are being used for the purposes for which they were intended. The certified public accountant type of audit will not necessarily be satisfactory in this respect. By too great or limited focus on fiscal statements, it may easily overlook more fundamental considerations of the nature of the educational programs which are purchased by the funds. The Congress has been quite specific in defining the nature of the vocational educational program. If this policy is to continue, it is believed that the audit must be in terms of both fiscal and educational program factors. The Office of Education has responsibility for the administration of the vocational education program in cooperation with the States. It has a "know-how" in dealing with State educational agencies. It has the staff for evaluation of educational programs. It is doubtful whether administrative responsibility and audit responsibility for a professional program of this type can be separated at the Federal level. It is even more dubious whether the best educational interests of the Government and of the States would be favored by such a division of responsibility.

Much that has been said of the two previous activities could be restated for the information and publications service of the office. The diffusing of information about education is one of the major functions laid on the office by law. The degree to which the centralization of this function at the Federal Security Agency level increases or decreases the ability of the office to carry out its congressional mandate on a highly professional level will be the test as to whether this has been a wise move.

While discussing the Office of Education library it may be well to mention a related problem. Increasingly the Library of Congress, the Office of Education, and specialized agencies of the Government are being asked for educational information, bibliographical materials, and kindred services by educational institutions, other governmental agencies, specialized scholars, and other interested parties.

These inquiries cover the gamut of the specialized fields of the curriculum as well as professional education. Educational systems and approaches in foreign countries are of particular concern in recent years. The rich resources of the Federal Government in specialized staff and libraries should be available for this educational use.

The meager appropriations of the Office of Education library and the fact that the Library of Congress does not have an educational reference service, place limitations on each of these agencies in rendering the desired services to the educational institutions and scholars of the land. The spread of this specialized information throughout the Government complicates the matter. It is needless that specialized staff or specialized library be duplicated at one point in order to render such service. It is equally needless, in the best interests of educational institutions and scholars, to have uncoordinated and apparently hidden resources not available to them. This suggests that a central clearinghouse be established to which such educational inquiries may be directed, so that they can be directed to the best qualified agencies, libraries, and individuals in the Government. This function is well within the mission of the Office of Education to otherwise promote the cause of education throughout the country.

## Services

The various researches, consultant services, responses to calls for assistance from local, State, and Federal agencies, and other activities of the Office of Education form an extensive array. To enumerate them, however, is not essential to this report which concerns itself more with over-all Federal policy and organization rather than that relatively small portion which is involved with the United States Office of Education. Our concern is more with the Federal educational agency as it should be within the total structure of Government than with it as it is and has been in its relatively submerged role. However, the range and extent of the services offered by the Office of Education are worth noting.

For the years 1945 to 1947, the office distributed some 400,000 copies of approximately 70 publications per year. Due to budgetary limitations there has been a proportionate decline in publications in recent years. The list of publications for 1947 and 1948 illustrates how inadequately this literature covers educational problems and developments.

Even though many publications on a large variety of educational subjects which have been printed in previous years are still in stock, the office reports the following as examples of subjects for which there is considerable demand but for which publications are not available;

History of education, crime prevention, safety and accident prevention, remedial reading, hobbies, music education, art education, research bibliographies (more recent than 1941), and school buildings.

Titles published during the past 2 years, although worth while, give the impression that the purpose to "otherwise promote the cause of education throughout the country" has been emphasized far more than collecting such statistics and facts as shall show the condition and progress of education in the several States and Territories. The promotion of the cause of education would be furthered more generally, and with less fear of Federal domination of education in the States, if more publications dealt with basic research. State and local school systems are now greatly concerned with such problems as the proper organization of State departments of education, State and local tax systems for the support of education, equitable methods of distributing State school funds, the teacher shortage, more democratic internal administration of schools, population trends as they concern education and schools, and the redistricting of school administrative areas. No recent comprehensive research publications are available from the office in these major and critical fields. Timely summaries of previous researches and current basic research on conditions in the various States in respect to these and kindred problems would prove invaluable to many of the States.

It is primarily through greater strength and more capable administration in education at the State and local level that we can avoid or reduce Federal controls in education. For instance, as long as there are States incapable of proper insight and organization in respect to their programs of vocational education, it is essential that rather tight Federal controls be maintained over that program if we are to have any assurance that Federal moneys in support of this program are to be utilized for the purpose for which intended by Congress. When States fail to provide adequate and essential educational programs and facilities, the natural tendency is to look to the Federal Government. More effort by the office to provide the research information and subsequent consultant service and leadership which will make education stronger and more effective at the State level is basic to our whole concept of the place of education in American life. The large and fundamental problems concerned with this consideration should be given more emphasis. In this case the Federal interest is served best by a greater concern for State and local strength.

Of the titles of publications during the past 2 years, five were devoted to education in other countries, while no publication generally gives facts regarding the condition and progress of education in the several States and Territories. Publications such as Cooperative Planning—A Key to Improved Organization of Small High Schools, Teaching as a Career, or FM in Education, although worthy, are more promotional



than factual in their nature. We believe that it is more fundamental for the Office of Education to do comprehensive basic research in these areas. If the facts disclose definite needs which can be generally recognized as such by the States, the office may well enter the phase of promoting solutions. The office should be a rich reservoir of current and important factual data, collected from an impartial research point of view, pertaining to the very real problems which confront educational systems and institutions in the States. These then should be made available to the general public for major use in promotion of causes in education as individuals and groups outside the office may desire.

Requests have come to the office for unavailable publications in several curricular fields. While the final development of curriculum is not a proper Federal function, this does not preclude Federal service to the States, by publication of basic research or summaries of research concerning specific curriculum areas. For instance, textbooks or teachers' manuals relative to reading should not be developed by the office. There is, however, much research in this field which may not be generally available to State and local school authorities or to interested organizations or individuals. The office may well make these available. Actual classroom methods which by research standards indicate unusual progress of students in reading may be described. But any such materials should be to assist others in developing their own programs. Such influence as the office gives to the purpose and content of education should primarily be by impartial research, fact, and description.

The most effective ways by which the office can perform its research, leadership, and service functions are through publications and field contacts by members of its staff. In 1946, the appropriations for publications were practically the same as for 1925 although the purchasing power was much less in 1946. The amount for travel in 1930 was \$79,534 and in 1948 was \$91,500. Larger amounts for 1945, 1946, and 1947 were primarily due to war and immediate postwar special activities. Between 1935 and 1948 the professional staff of the office, that staff which should be turning out research for publication to diffuse information and be traveling throughout the country to otherwise promote the cause of education, was doubled. It would seem penny-wise and pound-foolish to increase the professional personnel of the office, both in quantity and in quality, and at the same time deny the most potent means by which it can accomplish its mission.

A number of instances have been noted in which specialists of the office have been desired for consultant services on important educational projects or problems in the States, but such services were not available due to lack of travel funds, unless paid for from local sources. This is no loss to the wealthier localities, since the inevitable trend

is to utilize the services of specialists in the wealthier areas of the country and those closest to the national capital. Poorer areas and those further removed from Washington are in effect denied services which should be extended to all alike. The services then may be denied to those who need them most.

The effect of too small appropriations for publications and travel on the personnel of the office should also be considered. From time to time the complaint has been made that staff members of the office have been involved in too much busy work and administrative trivia. It is doubtful whether this complaint has a foundation in fact. However, this might well be the case when undue limitations are made upon the professional staff in respect to publications and field contacts. There is little incentive to do important research when its chances of subsequent publication and broad utilization are slight. There cannot be a wholehearted interest in the very real problems of education in the States unless one has a chance to work with these problems where they exist. There cannot be a zeal for leadership when the means for exerting that leadership are curtailed. If one had to make a choice between added staff and added wherewithal to make a more limited staff effective in accomplishing its major mission, the latter might seem to be the better choice. Of course, the obligation always rests upon an agency to assure that the limited funds available for its publications and travel are used to the very best advantage in the promotion of its mission. It is recommended that serious consideration be given to more budget for publications and travel for the Office of Education so that it may accomplish its mission more effectively, better serve the less wealthy and more removed schools of the country, and utilize its staff to better advantage.

In the first part of this chapter, a number of operational programs for which the office has responsibility were mentioned. To these should be added a number of other operational programs of assistance to agencies of the Federal Government in the conduct of their programs. Illustrative are three activities in 1948, and continuing for 2 years, whereby the educational "know-how" of the office is used by the Air Force, the Navy, and the Public Health Service. The Air Force has transferred \$25,000 to the office for a survey of training personnel and instructional program of the air training command. The Navy has transferred \$30,000 for an evaluation of audiovisual aids used in its training program. The office has received \$40,000 from the Public Health Service to assist in the procurement of visual aids for mental-health activities of the service. Another case in point is the exchange-of-students program operated by the Office of Education with funds transferred from the Department of State.

It is entirely unnecessary and undesirable for each noneducational department or agency of the Government to duplicate professional

educational staff and facilities. Thus there should be more utilization of the Office of Education by other Government agencies for services similar to those mentioned immediately above. While the noneducational agencies have the subject specialists, the office has the specialists in organization and methods of instruction, and devices which can make instruction effective. The office also should be the best informed agency in the Government on the potentialities of the schools and colleges of the country for various activities which other agencies may wish to undertake in connection with these schools and colleges. However, all too often noneducational agencies attempt to deal with educational programs or institutions in a manner which entirely sidetracks the United States Office of Education.

Actually, then, the Office of Education has been to some extent, and may become to a greater extent, a service department in professional education for the other agencies of the Government. This function is a far cry from the central mission of the office. Is this desirable? The answer to this question must be qualified. It would be undesirable if it were to diminish the zeal of the office for its primary historical mission. On the other hand, it is highly undesirable to spread professional educational functions, staff, and facilities broadly throughout the Government. Too prevalent failure in the past of noneducational agencies to utilize the office as a major source for professional service may have been a partial reason for the widespread dispersion of Federal educational functions as they concern elementary, secondary, and higher education.

In many cases it will be necessary and probably desirable for noneducational agencies to continue their direct contact with the higher institutions of the land. Certainly there should be one agency in the Government, however, where information about these institutions could be available and where there could be enlightened advice relative to methods of contact and means by which maximum protection may be given both to governmental agencies and higher institutions. In the past, the office has rendered some service of this type. The point is that a policy should be adopted within both the legislative and executive branches of the Government to insure that such will be general and consistent rather than sporadic. It is believed that proper internal organization of the office can make it possible for this type of service to exist without diminution of the primary historic function of service to education in and through the States.

Thus it will be noted that, in general, the services of the U. S. Office of Education may be grouped into three categories. First, there is the historical functions, specified by Congress when the office was initiated in 1867. This involves the collection of statistics and facts to show

the condition and progress of education, the diffusing of information to aid in the establishment and maintenance of efficient school systems, and otherwise promoting the cause of education throughout the country. This must be maintained as the primary function of the office.

Second, the office has become an operating or administering agency of the Government through a number of programs for which the Congress has given it responsibility. If the Federal situation relative to education as it concerns the regularly constituted schools of the country is to become less chaotic it is essential that the Federal educational agency be given more rather than less responsibility for the administration of operational programs.

Third, the office has become to a small degree a professional servicing agency for other departments and agencies of the Government. For reasons presented above, this should continue and expand. The important thing is that this rather new function should be so organized and administered that it will not interfere with the office's historical function.

Properly guarded, these two newer functions can be used to add strength to its primary function of educational service to the States and the educational institutions therein. Operations can enhance leadership, service, and research. Professional educational service to other agencies of the Government should involve the well-being of the regularly constituted educational systems and institutions in the States. Over the years, the Office of Education has been more keenly aware that determination of educational purposes should be retained by States and higher institutions than have most other agencies of the Government. It is believed that its influence, both in operations and in professional assistance to other governmental agencies, will be a safeguard against unwarranted educational activities in the Federal Government. The encroachment on State and institutional initiative through a widespread, chaotic, and uncoordinated dispersion of educational activities operating through or affecting educational institutions in the States is considered much more dangerous than an orderly development which makes for greater utilization of the Federal agency which has traditionally championed the rights of States and institutions to determine their own educational programs. The development of balanced education, locally planned and administered, is of greater concern to the Office of Education than to any other Federal agency. It must be afforded a greater opportunity to exert its influence in this direction unless we would face an increasing tendency toward Federal domination of education.

## Appraisal

The Office of Education, as currently organized, exhibits important shortcomings, and is further circumscribed by dilemmas arising out of our national traditions governing the Federal role in national education. The educational responsibilities of the Federal Government are widely dispersed through many of its agencies. Some of these are responsible for much larger programs than those administered through the Office of Education, and in some respects exert more impact on local educational conditions. The very fact of dispersal tends to create imbalance and to generate administrative complexities. The Office of Education occupies a minor place in the Federal structure. Although the Commissioner of Education, subject to the Federal Security Administrator, the President or Congress can act as an autocrat in the field allocated to him, this field is sharply limited. He does not, however, enjoy the advice, counsel, and support of lay boards so well proved useful at lower governmental levels. Because of our national fear that a powerful Office of Education would threaten partisan capture and control of the Nation's schools, we have hesitated to grant power or status to that office. Yet by dispersing educational programs we have created possibly more powerful influences over local education than would have arisen had we concentrated them in this office. The position of Commissioner of Education, already less attractive in pay than a great many educational posts in secondary or higher education, is made even less so by the fact that the Commissioner exercises so little comparative authority over the Federal educational program as a whole.

As a necessary preliminary to making constructive suggestions to remedy these matters, the next chapter sketches the effects of the educational activities of the Federal Government on the regularly constituted schools, colleges, and universities in the States.

## **Chapter IV**

# **EFFECT OF FEDERAL EDUCATIONAL ACTIVITIES ON EDUCATION IN THE STATES**

Since the control of education is a function of the States, the criterion of Federal policy and action is their impact on the effectiveness of education within the States. This chapter evaluates briefly Federal education activities according to this criterion.

### **Historical Approach**

Most major moves of the Federal Government in the past to support or encourage some specific type of education have come at times when there was a country-wide lack of sensitiveness to an urgent educational need. Education easily falls into the habits of the past, though changing social and economic conditions demand an alertness to current conditions and changing trends in American life. In spite of the fact that education has always had certain leaders who have insisted that its major function was to convey the culture of the past to the current generation, it is essential, especially in our form of government and our dynamic society, that education conceive of culture as something we live today and project into tomorrow. In a sense, Federal participation in education throughout our history has been a healthy urge to make education meet essential needs in our society which have been resisted by the rank and file of those who control education and educational institutions. While there have often been justified differences of opinion relative to the means used, the purpose has usually been approved.

At the beginning of our national life publicly supported education was either meager or practically nonexistent in most States. Education was mainly available to select groups and through private schools, either church or proprietary. For effective participation in the democratic life of our new republic it was deemed essential that education be extended to the general populace—a concept that was relatively new in the world of that day. The insistence by the Federal Government on provisions for general education in the Territories and the subsequent generous endowment of education through land grants to the new

States were definite acts to promote a new and needed program to which the society of the day had been resistant. In effect, these provisions were a protest by the Federal Government against the all too prevalent notion and practice that basic education was to be available only to the select few.

Similarly, the Morrill Act of 1862 was a protest against the then too current practice of limiting higher education to a select few and in studies usually unrelated to the social and individual needs of a growing scientific, agricultural, and industrial nation. The encouragement of agricultural experiment stations in the land-grant colleges by the Hatch Act of 1887 and the inauguration of the agricultural extension service by the Smith-Lever Act of 1914 were responses to the unmet needs of the rapidly expanding agriculture of the Nation. These constituted a distinct move on the part of the Federal Government, in cooperation with the States, to become realistic in respect to the problem of agricultural education for the masses on the farms.

What has been said about the Morrill Act of 1862 as a protest against the too formal higher education of that day can similarly be said to a considerable extent of the Smith-Hughes Act of 1917 for the development of the Nation's secondary schools. These institutions were developed initially to prepare youth for entrance into colleges and universities. Originally attended by a select few, during the late nineteenth century and early part of the twentieth century it rapidly became a school for the masses. The phenomenal growth of this institution in American life and its subsequent need to change its program of studies and its methods has been one of the major concerns of educators of our day.

There is considerable evidence that the vocational education program sponsored by the Smith-Hughes Act was a protest against academic formalism in the secondary schools of the Nation. That the somewhat rigid nature of the prescribed vocational program makes it difficult to extend it to many of the secondary schools, particularly smaller schools, and that it sometimes tends to segregate the vocational from the academic pupils, thus not meeting a balanced need of the majority of pupils, is still a matter of concern to those interested in the proper balanced development of secondary education.

Programs of education recently initiated by the Federal Government are more difficult to interpret in terms of their purposive significance to education in the States. The school-lunch program initiated to furnish an outlet for surplus foods and to furnish work relief to the unemployed, has recently given more emphasis to the physical well-being of children. As such it has met a need which has not been properly cared for by State and local agencies in many places. Its brief history, however, leads one to doubt whether it has been motivated pri-

marily by a Federal desire to overcome malnutrition among children.

The very recent extensive use of the higher institutions of the land for federally sponsored research projects might be interpreted as an encouragement to these institutions to meet the current and expanding scientific needs of the country in more effective manner. It is difficult to impute motive and purpose when much of this activity is involved with the national defense.

The schools of the country have sometimes been laggard in using the most modern techniques in teaching the usual subjects of the curriculum. Certainly the activities of the Civil Aeronautics Administration and of the Treasury Department in promoting the introduction of live and timely methods is a help to such schools as may have been slow in this regard. These, however, should be classified more as an effort to promote a cause than as Federal assistance to overcome inertia in the schools.

The land and money grants to land-grant colleges, the experiment stations, the agricultural extension service, and the Federal support for vocational education all injected, to a greater or lesser degree, a federally preconceived curricular or subject-area purpose into education in the States. The States did not have to accept these programs, though all of them did.

The initiative for program operation was given to the States. The land-grant colleges have been an outstanding example of Federal promotion of State leadership and initiative. The very large local support as compared with the relatively small present Federal assistance is witness to this fact. Although these programs have all advanced definite and specific purposes in education—purposes which under complete State and local initiative had too often been lacking—it cannot be said that it was either contrary to State interests or good Federal policy for the Government to undertake these projects. They have had an excellent over-all effect on education. We have demonstrated through these programs that the Federal Government can promote specific causes in the field of education in a manner which leaves initiative and responsibility to the States. In respect to these programs, our problem is one of balancing the Federal concern that funds be used for the purposes intended, with the objective maximum development of initiative and leadership on the State and local level. Too great stress on the former can negate the latter. The development of more initiative and leadership on the State and local level is the best long-range insurance that Federal funds will be used for the purposes for which they are intended.

The educational programs of the Civilian Conservation Corps and the National Youth Administration are in a different classification. In spite of long recognition of the growing gap between time of leaving formal education and of entering employment, and of much dis-



cussion of the need for work-related experiences in education and education-related experiences in work, the rank and file of schools and colleges of the country have preferred to remain in their rather narrow groove of formalized education for the more academically receptive youth. To be sure, some few schools and colleges have deviated from the usual pattern, but they are exceptions. So, with the coming of the depression, the Federal Government undertook its own program for these youth. The CCC, conceived to use unemployed youth in conservation of our natural resources, soon became an educational institution. The NYA ultimately established a Federal system of vocational schools paralleling the regular vocational schools of the country. We believe, as fine as these institutions were in meeting the problems involved in a very direct manner, that the total educational program of the country would be stronger if in the future the regularly constituted institutions of the country would be encouraged and challenged to meet such problems. The educational, social, and economic problems which brought the CCC and the NYA into being still exist, though somewhat more dormant in good economic times. Many schools still go their way of relative unawareness to the problem. Because the Federal Government undertook these programs by itself, there is little residue of leadership at the State and local levels by which the good features of these programs can be used to supplement or influence existing programs. The Federal Government has effectively promoted other almost revolutionary changes in education which have had lasting effect when it has encouraged the States to take initiative and responsibility. We believe the latter to be the best long-range approach.

Historically, then, we find that the Federal Government has promoted a number of worthy changes in State and higher institutional educational programs. To the degree that these have encouraged State and local initiative and leadership, they have been well within our concept of the place of the Federal Government in education. To as great a degree as is possible, consistent with the Federal necessity of ascertaining that funds are used for the purposes for which they have been designated, responsibility for federally promoted programs should be decentralized to State and local educational authorities. The more general the purpose of Federal funds, the greater the amount of leadership and initiative that can be given to the local educational agencies.

It becomes clear that the Federal educational interest is much concerned with strong educational leadership in States. As long as we have professionally weak State departments of education, maintenance of satisfactory local standards calls for more Federal supervision than is desirable. More Federal supervision means more tendency to use bureaucratic types of organization and control. We must search

for more effective ways of eliminating this vicious circle. A higher type of Federal leadership and encouragement of States to assume more responsibility and leadership is needed to correct this situation.

## Elementary and Secondary Schools

If each State had one strong over-all planning and administering agency for all of its schools, from kindergarten through graduate schools, such an organization would simplify the development of criteria for educational activities of the Federal Government as they affect the regularly constituted schools and colleges in the States. Many direct dealings with schools and higher institutions could be eliminated. Much of the now necessary specificity of present assistance to States could be removed. The number of educational agencies within States through which Federal agencies deal could be reduced. Planning with States regarding their total educational needs could be facilitated.

Although such a State educational organization may be a goal for future attainment, a realistic approach must recognize that, although all but nine of our States now have State boards of education directing the responsibilities of the public schools, seldom do these boards have any over-all responsibility for higher education as well. Due to this, it is necessary to treat the problem of elementary and secondary schools in a different manner than higher institutions. The latter will be discussed later in this chapter.

The status of State departments of education, responsible for public schools, may be noted from a few statistics. In 31 States members of the State board of education are appointed by the governor, sometimes with senate consent. Other boards are elected, ex officio, or a combination of these. Qualifications for board members are surprisingly low. All States have a chief State school officer either by constitution or by statute. College education is required for this official in 11 States. In 5 States he must hold the highest grade educational certificate required in the State. Educational experience is required in 9 States. No qualifications are mentioned in 13 States. The State board or the governor specifies the requirements in 6 States. In 31 States this official is elected, in 8 he is appointed by the State board, the governor appoints in 8 States, and in 1 State the governor and the State board jointly appoint this chief State school officer. His term of office varies from 1 year to 4 years or for an indefinite period. The median salary for this office is \$5,000. In only 16 States do professional staff members in the department of education have tenure. Staffs vary in size from 1 employee to each 1,219 school-age children in Delaware to 22,523 in Kansas. There is often divided responsibility with other

boards or with other State officials in matters which concern the conduct or administration of the public schools.

What is the effect of Federal educational activities on the regularly constituted elementary and secondary schools of the country?

#### **BYPASSING OF STATE DEPARTMENTS OF EDUCATION**

While it is recognized that a strong State department of education is essential, various Federal agencies have weakened this institution by dealing directly with public schools and school systems within States. In other cases Federal activities in education or closely related thereto have been directed through State groups other than the State boards of education. Although the United States Office of Education has traditionally carried on its activities through its counterpart in the States, the State boards or departments of education, it is only natural when noneducational Federal agencies are involved they tend to operate through their noneducational counterparts on the State level. The dispersion of educational activities in the Federal Government has tended to encourage similar and even more undesirable dispersion at the State operational level. In those cases where coordination is desirable, as for instance between State educational and health agencies in developing a school program in health, certainly that coordination should start on the Federal level.

The bypassing of the State educational agencies in direct dealings between Federal agencies and local schools and communities on educational matters became rife during the depression. The WPA established nursery schools with little or no prior clearance with State educational agencies. Instead of making funds available to the States for establishment and operation, the nursery schools were operated directly by the Federal agency. Similarly, WPA funds were used for various types of adult education, but seldom through State educational agencies. The NYA, as related above, similarly bypassed State departments of education. The PWA particularly in its earlier years of operation ignored State educational agencies in setting up school building construction projects. As a result, situations occurred where buildings were more elaborate than needed, and where buildings were not placed in locations of greatest need.

The Lanham Act assistance to schools for buildings, maintenance, and operation similarly bypassed State departments of education in dealing directly with local schools and communities particularly in its earlier years. No really satisfactory arrangement for coordination with the United States Office of Education or with State departments of education was ever worked out. Engineers in a noneducational Federal agency were all too often attempting to determine school needs and procedures. In reviewing the program in 1943 one writer con-

cluded that, "The entire situation could hardly have been more absurd."<sup>1</sup>

The Department of Agriculture concluded from experience that its school lunch program should operate through State departments of education. Its earlier direct dealings with school systems in local communities, and even with individual schools within school systems have given way more recently to primary dealings through State departments of education. Much damage had been done to the prestige and resultant strength of State departments of education in the meantime. Some State departments of education have subsequently found it difficult to assume the sudden increased load of administration, making it necessary for the Department of Agriculture to make many audits in local communities.

The citizenship training program of the Immigration Service, Department of Justice, has worked both with State and local school systems. Essentially this is a part of the adult education program which should be sponsored and planned at the State level. The CAA program for promotion of aviation education and the Treasury Department program for school savings and thrift education have usually worked through State departments of education.

In the numerous programs for education of children on special Federal properties and reservations we find a large variety of situations extending from complete arrangement with the State department of education as in the Atomic Energy Commission, Hanford, Wash., project, to total neglect or bypassing of the State department of education in making arrangements or failing to make arrangements with local school districts. The failure of the Federal Government to have a comprehensive policy in respect to this problem has been an embarrassment to many State departments of education. What has been said of this problem applies to some extent to the Indian Service of the Department of the Interior. However, the recent policy of this agency to make an increasing number of contracts with State departments of education is significant. It should be noted, however, that the Indian Service made contracts with over 1,100 individual school districts in 1947. Similarly, all parties concerned with the labor apprenticeship program of the Department of Labor would be benefited if this program were geared so that it could not completely bypass the State departments of education.

Noneducational agencies of the Federal Government, when given educational responsibilities which concern the regular elementary and secondary schools of the country, almost always tend to bypass State educational agencies. Some of the most unwarranted Federal controls of education in the States have crept in by this means. These

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<sup>1</sup> Edgar L. Morphet, We Have Federal Control of Education, American School Board Journal, July 1948, Bruce Publishing Co., Milwaukee.

activities have raised fears of Federal domination in education. But, most important, they have discouraged rather than encouraged the assumption of educational leadership and initiative by State educational agencies.

The Federal Government is not necessarily the culprit in the matter. In many States the departments of education have been so inadequately set up either in administrative relationships, staffs, or support that they have been unable to assume desired responsibilities. If a few States are unable to operate a federally sponsored educational program effectively, Federal administrators may tend to bypass all State departments in the interest of uniformity. This tends to reduce State educational initiative and responsibility. It is a vicious circle which can be broken only if the States take the initiative in developing educational leadership and initiative.

### OVERLAPPING OF FUNCTIONS

In a sense, every situation cited in the subsection above reveals overlapping since each involves a contact with schools on an educational matter. Also a number of the Federal agencies are taking on functions which would better be left to State departments of education. Many of these State departments are equipped to handle the matters involved. Those which are not should be so equipped.

At least 14 departments or independent agencies of the Government are currently operating programs which impinge upon State or local school systems in matters concerned with elementary or secondary education. Some of these departments or agencies have several subagencies each dealing with school matters. No wonder that the National Council of Chief State School Officers has complained of piecemeal Federal encroachment, lack of Federal policy in education and the consequent confusion in dealing with so many educational agencies.

Functional overlapping exists as well as administrative duplication. Long before the United States Department of Agriculture started its school lunch program the Office of Education was equipped with staff and had put out a number of publications for assistance to schools in developing the school lunch and nutrition activities. While thousands of schools now participate in the United States Department of Agriculture school lunch program, other thousands do not and naturally look to the United States Office of Education for assistance and advice. Both offices are interested in proper facilities for school lunch programs. Both are interested in proper diet and in school lunch administration. Even Congressmen, who had a part in placing the school lunch program in the United States Department of Agriculture, refer many of their requests for information concerning

school lunches to the United States Office of Education. The confusion which results is not good.

There is an increasing tendency for the program of the USDA Extension Service and that of the vocational education programs in agriculture and home economics sponsored by the Office of Education to overlap. Each has a youth program. Each is in the field of adult education. In 1928 a memorandum of understanding was developed which defined the areas of operation of each program and recommended joint committees at Federal and State levels "to meet from time to time as may be necessary to promote mutual understanding."<sup>2</sup> As far as can be determined, no such meetings were ever held by the Federal committee, although an effort was made to convene in 1948. We believe, however, that the approach of this memorandum has been wrong. Rather than attempt to build fences between the two programs, it is our belief that each has much to contribute to the other. It would be better policy to locate means of making the two programs mutually supporting.

The 4-H Club program, sponsored by the USDA through its Extension Service and extending to the local communities by way of the land-grants colleges, enrolls some 1,600,000 boys and girls. The club work of the Office of Education is closely associated with its vocational education programs in high schools. It operates at the State level through the State boards for vocational education. Its four clubs, enrolling over 500,000 youth, are Future Farmers of America (boys), Future Homemakers of America (girls), New Future Farmers of America (Negro boys), and New Future Homemakers of America (Negro girls). On the adult level, the Extension Service operates through the county agents and home demonstrators, dealing with individuals or groups largely through demonstrations or more informal meetings. The vocational education program is more involved with formal class situations and associated individual farm or home projects in its program for adults. The vocational education program in agriculture operates in over 8,000 high schools and the Extension Service is in over 3,000 counties of the country.

In many localities there is harmonious and well-correlated relationship between these two federally supported programs in cooperation with States. In others there are repeated claims that rural youth enrolled in vocational classes are denied the privilege of joining 4-H Clubs even though different projects would be used in the supervised training under each program; that some county extension workers discourage 4-H Club members from enrolling in vocational classes; that vocational teachers sometimes sponsor and direct activities in their

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<sup>2</sup> Memorandum of Understanding Relative to Smith-Hughes and Smith-Lever Relationships in Agriculture, signed by representatives of U. S. Department of Agriculture and Federal Board for Vocational Education, Washington, D. C., December 20, 1928, page 7.

communities which are not definite parts of systematic classroom work, thus overlapping with extension workers; or that county extension workers conduct training schools for adults on an organized basis comparable to vocational training classes. All too often individuals responsible for these two closely related programs are not acquainted with each other and have never discussed their mutual problems. Although the agents, demonstrators, and teachers of these programs are largely the products of the land-grant colleges, these two federally supported programs often compete for their services.

There are those who believe that the solution is to transfer the program in vocational agriculture from the United States Office of Education to the Department of Agriculture. With these we cannot agree, although it must be admitted that the Department of Agriculture seems to have been more successful in getting adequate Federal support for its activities than has the Office of Education. If we were to make this transfer, we should then have to be consistent by transferring the trade and industrial vocational education to the Department of Labor, the vocational education in distributive occupations to the Department of Commerce, the vocational guidance program might go to the United States Employment Service, and probably the vocational education in homemaking would be transferred to another division of the Department of Agriculture. Such action would multiply rather than diminish the number of noneducational agencies dealing with the schools in the States; eliminate any semblance of over-all Federal-State development in the promotion of vocational education, and create more overlapping in Federal staff and services. This proposal fails to recognize that basically these two programs have different philosophies and modes of operation. It might lose considerable of the drive and zeal developed through the loyalties to these separate programs. It would further complicate administrative matters at the State level, as the USDA operates through the land-grant colleges in its extension program and would probably prefer to operate vocational agriculture through the same State agency. It would thus withdraw the program from the State departments of education, aggravating the Federal dereliction in weakening this State agency. The alternative of having the USDA deal through the State departments of education for this program multiplies the difficulties involved. We believe that the removal of the program in vocational agriculture from the Federal educational agency would be detrimental to the best interests of education in the States. A similar suggestion that the Agricultural Extension Service be transferred to the Office of Education has little to commend it for similar and other reasons.

Chapter II outlines the plan of present coordination of the institutional on-farm program for veterans, wherein the same agencies that are involved with this problem appear to be working harmoniously. There is no reason why schools with their facilities in staff and equip-

ment and Extension Service personnel with their excellent understanding of rural and farm problems could not collaborate for the mutual advantage of all. Certainly the rural high school, sometimes referred to as the most neglected unit in the American school system, could draw much from the problems of community and farm life to revitalize its educational experiences by such a move. Kindred advantages should accrue to the Extension Service. From the Federal level there has been little incentive for it. Coordinated planning at the Federal, State, and local levels will do much to solve these problems.

There is overlapping between Federal agencies in programs to promote curriculum in the elementary and secondary schools of the States. The slight overlapping between the apprentice training program of the Department of Labor and the vocational education program of the Office of Education has been discussed in chapter II, together with suggestions for improvement of their relationship. The CAA program to promote aviation education overlaps to some degree with the promotion of vocational education through the United States Office of Education. Although the Office of Education through its divisions of elementary and secondary education has an interest in serving schools in the States in general matters of curriculum and has a small staff to accomplish this purpose, programs in thrift education, aviation education, and citizenship education are promoted independently by the Treasury, Commerce, and Justice Departments respectively. Should it be necessary for schools in States to seek curricular service in these three special fields from noneducational agencies of the Government, while dealing with the United States Office of Education in respect to curricular assistance in general? Is this a good procedure in encouraging the States to develop a well-rounded curriculum, with overall planning to meet the needs of their youth? Does it strengthen initiative and responsibility in the States to have four Federal agencies operating in the field of curriculum?

The answer to these questions in the long run must be in the negative. The Federal Government should place basic responsibility in the Federal educational agency for matters involving curriculum in the elementary and secondary schools of the country.

The overlapping between various educational functions of different agencies of the Federal Government has created a number of situations which are not in the best interests of education in the States. Divided authority on the Federal level has sometimes been mirrored in similar divided authority on the State level. Failure to coordinate adequately at all levels has resulted in some confusion and failure to reap all of the advantages at the operational level which might have been evident. We believe that these situations should be corrected both in the Federal interest and in the State and local interest.



While we agree that the Federal Government, particularly in historical retrospect, has been effective in the promotion of important special aspects of education which had often been neglected by States, we would also caution that the promotion of special aspects only may over the years have an undesirable effect upon balance of curricular emphasis. Education in the States must be based on our great need for a high and effective general and civic literacy. In 1949 we have \$28,039,000 of Federal money available to promote special aspects of curriculum in the elementary and secondary schools of the country at large, of which \$27,128,000 is in grants to States for vocational education. During this same year the only Federal activities which have specific concern for the general welfare and promotion of curriculum in the elementary and secondary schools of the land are the programs of the divisions of elementary and secondary education in the United States Office of Education. For these two divisions there is \$363,000 available in 1949, and this is all to be expended on the Federal level. Our generosity with Federal vocational funds has generally built the State divisions of vocational education into the largest components of State departments of education. The United States Chamber of Commerce reports 14 States in which the number of employees devoting full time to vocational education in State departments of education either equals or exceeds the number of full-time employees in all other aspects of education within these departments. In 19 added States, at least one-half as many employees of State departments of education are in the vocational field as in the other fields combined.

The divisions of the United States Office of Education devoted to general curricular service or promotion are disproportionately small as compared with the Division of Vocational Education. The latter has available the sum of \$511,000 for its operations in 1949, as compared with the \$363,000 for general activities in elementary and secondary education as indicated above. The Division of Vocational Education has over two and a half times more funds available to administer one specific phase of secondary education than the Division of Secondary Education has in promotion of general aspects of secondary education. It is natural that this same situation should be reflected in States. Such administrative imbalance both at Federal and State levels is a matter of concern to those who desire curricular balance in our schools.

This is not an argument against Federal participation in the field of vocational education. It merely points up the fact that the Federal Government, by its lack of concern for the totality of education, has been a potential factor in developing a state of curricular imbalance in the States. Realistically we must admit that the promotion of special causes or specialized aspects of education has been of greater

concern to the Congress than have the interests of a well-rounded program to meet the basic educational needs of the youth of the Nation. We have implemented State development in one field without sufficient concern for general educational leadership in States.

Emphatically it must be said that curricular balance involves an adequate program of vocational education. Inquiry has been made at a number of points as to whether a relaxation of some of the specific requirements of the Federal vocational education program would be in the best public interest. There is a considerable belief among those responsible for this program at the State level that the time is not ripe for a diminution of Federal controls. These individuals in general feel that much that is valuable has come with Federal controls and that these gains might be wiped out in States where general leadership is not sufficiently broad to realize the importance of this program. They fear that the high standards of vocational proficiency training would be jeopardized; that a fusion with the program of general education might result which would diminish the effectiveness of this specific program; that vocational education might thus be made impotent to serve the needs of youth in equipping them to make a livelihood. They fear that the normal academically trained school administrator may not appreciate the significance of vocational education in our national life. In other cases they fear that politically selected State educational authorities might dissipate funds to less worthy causes or less worthy enterprises in the field of vocational education if Federal requirements were relaxed. If these individuals are correct, our program of education would then be in an opposite position of imbalance.

We again come back to the problem of adequate development of leadership and initiative at the State level. Should Federal vocational funds relinquish their detailed controls, but continue as grants for the general support of vocational education, a number of States could now take full responsibility for their vocational education programs with probably even more effective results than those carried on under the present Federal program. In other States, however, this would probably not be the case.

Another aspect of the problem must be mentioned. As there is considerable specificity in the program, derived both from Federal requirements and requirements which States write into their federally approved plans, it naturally takes a considerable staff at both Federal and State levels to administer and supervise the activity. In a sense this staff may become a vested interest which at least potentially may desire to perpetuate unnecessary detail in order to preserve positions. The administration and supervision of detail also is often not conducive to the best interests of desirable leadership, initiative, and fruitful

experimentation. In these respects again we have a potential vicious circle.

What are the possible solutions of these problems as they concern vocational education? Several may be mentioned: (1) Eliminate all controls and make grants to States only for the general support of education; (2) eliminate detailed controls and make grants to States for the general support of vocational education; (3) attempt to build more effective ability in States to assume real professional leadership and initiative in all phases of their educational programs, including vocational education; (4) eliminate all Federal support of education.

The first has much to commend it. However, until the third is accomplished, the program of vocational education would be very likely to suffer great losses. This is a goal toward which we might well work, with the assumption that it might take a score of years to accomplish. For the present it must be discarded.

The second is more feasible, but still inappropriate until the third is accomplished. However, this might be attainable in a shorter period of time.

The third is essential if we would correct this and many other situations noted in this study.

The fourth is contrary to the national and State interest. Moreover, it is a denial of our extensive and beneficial historical tradition of Federal concern for education. It fails to recognize the rather startling differences in the fiscal abilities of States to support their own educational programs. It would perpetuate educational inequality and hinder the advancement of those poorer States which now are making above average effort in the support of their educational programs.

Thus we come to the conclusion that a combination of the second and third solutions offers our best chance of success. A federally sponsored program to strengthen State departments of education so that they may be able to assume more rather than less initiative and responsibility in the conduct of their educational programs, including those programs supported by Federal funds, is essential if we would care for the immediate situation under discussion as well as many other situations of concern to this report. It would probably be money in the Federal pocketbook in the long run if a relatively small Federal subsidy were granted to State departments of education for their general support. Rewards other than monetary should far exceed any Federal saving involved. To insure that this grant is used for appropriate purposes it may be advisable to make it contingent upon the Federal approval of a State organizational and functional plan. Such a plan should have considerable latitude within general minimal standards as specified by the Federal educational agency.

The United States Office of Education should embark upon a major

program of research, service, and leadership to give assistance to States in planning more effective State administration of education. The total educational enterprise of the Federal Government as it concerns elementary and secondary education in the States should be revised to strengthen rather than weaken State departments of education. More funds should be given to the Office of Education so that it can render a balanced service to the States in educational matters.

## A CASE STUDY

In connection with this report a few members of the staff of the State Department of Education in New York were asked by the State Commissioner of Education to submit their reactions regarding the Federal activities which concern the operations of their programs within the State. These comments are so pertinent in review of the Federal activities as they concern the regular elementary and secondary schools of the country that excerpts are quoted therefrom. It will be noted that there is not complete agreement between these individuals on a number of points.

**INDIVIDUAL A:** To an increasing extent the Federal Government, through the United States Office of Education and various other agencies, is being interjected into the State and local picture, and current prospects for a program of Federal aid to education makes studies of this kind all the more necessary and important. . . . It is difficult in a brief memorandum to outline adequately certain of the problems involved. . . . For the purposes you have requested, I shall limit myself in this memo to little more than a bare enumeration of the various problems as follows:

1. *The lack of balance in Federal emphasis on education.*—The concern and participation of the Federal Government in education have developed on the basis of isolating certain phases of education for particular attention and assistance, depending upon the current popularity of these areas and the pressures exerted in their behalf, as, for example, in the fields of vocational education, vocational rehabilitation, and school-lunch programs. The effect of this policy has been to seriously unbalance the administrative and supervisory structures of State and Federal education agencies with distinctly unfavorable results. Examples of the extent to which this lack of balance exists can be seen in the organization of this or any other State department. For example, we have a bureau chief and four supervisors for the field of agricultural education for a program serving approximately 20,500 students. On the other hand, we have one supervisor of English in the Division of Secondary Education, despite the fact that approximately 1,000,000 students study this key subject in the schools of New York.

2. *Arbitrary Federal control stultifies development of State and local programs of education.*—The best evidence of this problem can be seen in the lack of development of trade and industrial education in the small cities, villages, and rural areas of this country. This is largely due to Federal regulations which make it impractical, if not impossible, to develop sound programs of training in these fields in other than large urban areas. Attempts of the Federal Government to insure the proper expenditure of Federal moneys frequently make it impossible to adapt programs to the needs of particular communities. As a result, for example, it

has never been possible to develop industrial education in small cities and towns to the extent that employment opportunities in these areas warrant.

3. *Control of educational functions by noneducational Federal agencies.*—The history of the school-lunch program under the administration of the United States Department of Agriculture, and school construction in war-production communities under PWA, are glaring examples of how Federal authority can be used to bypass State departments of education, thus interfering seriously with State-wide plans and programs for the development of education in the various communities.

4. *Failure of Federal Government to consider over-all needs of education.*—This problem is somewhat related to No. 1 above but differs in its application and effects. While there have been attempts in the past to plan a program of Federal aid to education sufficiently broad in its aspects so as to permit each State and area to concentrate on its particular educational needs, no such program has yet received much consideration. Latest efforts (the Taft bill, for example) are directed toward meeting the problem of teacher salaries. While this is probably the No. 1 financial problem of education in most States, the fact remains that other needs, though becoming increasingly serious, are more or less ignored. If we are to have Federal aid for education, and that aid is to be used with maximum efficiency, every State and community should not be required to use that aid, say for teacher salaries, when, as in the case of New York State, for example, school construction, not teacher salaries, may be the most urgent problem. Another example of this difficulty has to do with the limitations placed on vocational subsidies. These subsidies are allocated to individual States with the provision, however, that they may be used only for salaries and teacher-training activities. This policy assumes that all the States and communities already possess, or are in a position to acquire, the necessary facilities in which to offer programs of vocational education. This is simply not the case, with the result that considerable amounts of these funds are forfeited each year by certain States lacking vocational facilities to those communities which, because of their superior ability to finance education, already possess the facilities for these programs. I do not have the information to substantiate this, but I am convinced that studies would show that a large portion of Federal aid for vocational education is now going to communities and States best equipped to finance such programs on their own.

There are other less fundamental problems involved and many ramifications to those mentioned above. Because of the effect which Federal policies have on this particular branch of the Department, I shall be extremely interested in the progress of studies contemplated. . . .

INDIVIDUAL B: During the years of the depression, as well as during the war-time period, numerous Federal agencies used Federal funds for so-called educational projects and services. These agencies, as you know, include WPA, NYA, Federal Housing Authority, the Department of Agriculture in the distribution of surplus foods, later the [same Department] . . . in the allocation of funds for the use of schools in maintaining school lunches, the allocation of funds by the Federal Security Agency for the education of physically handicapped children and the numerous Federal agencies that have been involved in the allocation of excess and surplus Federal properties and the preparation of plans and specifications for school buildings. The situation is extremely complex even to those officials in State offices who are supposed to be reasonably familiar with Federal administrative practices. I am quite sure that a large part of our administrative difficulties in dealing with these agencies is due to the lack of [placing of authority in] . . . the United States Office of Education. A perfect example of this lack . . . was demonstrated when the administration of the Federal Rehabilitation Service was taken away from the Office of Education and made a separate department in the Federal Security Agency.

I have been rather intimately associated with the administration of the Smith-Hughes Act and subsequent acts providing Federal aid for vocational education. The purpose of the original Smith-Hughes Act was to promote vocational education and vocational teacher training through the allocation of Federal funds for these purposes to the various States. At the time of the enactment of the original Smith-Hughes law, vocational education was in its infancy and only a few States, including New York, New Jersey, Pennsylvania, Massachusetts, Connecticut, Indiana, and Wisconsin, had developed vocational training programs and very little attention was being paid in those States to the preparation of vocational teachers with the exception of those trained in the field of agriculture. I realize that many people complain about the standards imposed by the Federal Government in the administration of the vocational education acts. It is true, however, that all of those standards were based upon the experience of the States referred to above at the time of the enactment of the original Smith-Hughes law. The standards imposed by the Federal Government under the old Federal Board for Vocational Education were those recommended by the States that had made a beginning in the development of vocational education.

Outside of the time requirements in the day vocational schools, I am sure there has been little criticism of the administration of these vocational acts. The Federal laws are so flexible that the States are in a position to use the money in a way that will most effectively promote the further development of vocational education. Some of the more progressive States have encountered difficulties in persuading the United States Office of Education to interpret its policies so as to make it possible to undertake new and desirable types of vocational education. In our own State this was particularly true in the field of technical education, beginning in the early days of the development of our technical education, offering specialized technical courses, until a later date in the development of postsecondary technical training programs. All of these technical programs trained young men, and some women, for entrance into technical occupations which did not require the old type of craft skills. In general, however, I am convinced that the original Federal Vocational Education Act which required: (1) The establishment of teacher training programs 1 year prior to the establishment of vocational programs in the public schools; (2) the setting up of administrative and supervisory staffs in the State departments of education; and (3) the flexibility in the use of Federal funds; was fundamentally sound and did more than any single bit of Federal legislation to promote a sound program of vocational education. I realize that many of the weak States bitterly resented being required to provide central office administrative and supervisory personnel. This was absolutely essential in the development of any reasonably uniform and fundamentally sound program of vocational education. These same States would have welcomed Federal funds for the development of similar central office personnel in the fields of elementary and secondary education.

There is one other feature in the Federal Vocational Education Acts that is worthy of mention. All of the Federal money apportioned to the States is in accordance with certain population ratios established in the Federal acts. In other words, every State is guaranteed a given amount of money subject to the fluctuations which occur in population distribution in the States. As a result, the States can plan on a definite amount of Federal aid for every 10-year period. The slight changes in the allocation of Federal funds occur after each Federal census of population. From the standpoint of good State administration this is a fundamentally sound plan. It enables the States to promise to the public schools a definite amount of money for work carried on under the Federal acts. It also enables the State departments of education to request State appropriations

with reasonable assurance that the Federal funds for the matching of State appropriations will be available.

I mention this basis of apportioning Federal funds because of the changed policy in Washington in regard to the allocation of Federal grants. Since the early thirties most Federal grants, and this statement does not particularly apply to education, are based upon evidence of need. As a result someone in Washington can determine from year to year the needs of a given State and allocate the funds on the basis of evidence of need. This has resulted in a control of the use of Federal funds far in excess of anything that has been provided by the Federal Vocational Education Acts.

The Federal Vocational Education Acts have been in operation for approximately 30 years and I am reasonably sure that the small amount of Federal money made available to the States has resulted in the development of a very comprehensive program of vocational education, including for the first time in the history of this country, vocational education opportunities ranging from courses in agriculture in a small rural high school to specialized technical training in large urban schools adapted to the interests and aptitudes of hundreds of thousands of youth. The funds have also made it possible to develop through continuation, part-time schools and evening schools, continued educational opportunities for hundreds of thousands of young people and adults whose chances for success in their chosen field of employment were greatly enhanced because of the special educational opportunities made available, in part at least, through the allocation of Federal funds. It is quite possible through the experience of the past years, the Federal Vocational Acts need to be amended to more adequately meet the present day vocational education needs of the country. For example, in the funds available for trade and industrial education, it is no longer necessary to earmark one-third of this money for part-time or continuation schools. Changed social and economic conditions, plus laws requiring boys and girls to remain in school until they are 16 years of age, have eliminated the need for the continuation schools of 20 or 25 years ago. These proposed changes, however, represent minor refinements of legislation that is basically sound.

INDIVIDUAL C: From 1920, when our program (for vocational rehabilitation) was first initiated, until 1943 all expenditures were on a dollar for dollar matching basis. Fifty percent of the cost of administration, services and all other expenses were provided by the Federal Government and 50 percent by the State. Since 1943, following enactment of the Barden-Lafollette amendments to the Federal rehabilitation law, the Federal Government has been furnishing funds to cover all administrative costs plus 50 percent of the cost of case services. Under this financial arrangement the Federal Government has been providing 70 percent or more of the funds used by the respective States. Naturally, this has resulted in more Federal control, particularly with respect to the use of Federal funds, and a set of rules and regulations have been issued by the Federal office for the guidance of the States.

However, the Federal Government has not interfered seriously with the administration of the programs in the States. They have not duplicated personnel as in some other programs, but instead they have adhered to the policy that the States should operate their programs in accordance with their own policies and procedures. Each operates in accordance with an approved plan of administration, and as long as the State has administered the program in accordance with the provisions of its individual plan no serious objections have been raised by the Federal Government.

Those of us connected with the State programs have felt that the original rules and regulations, issued by the Federal office in 1943, were rather complicated,

somewhat difficult of interpretation and included statements of policy and certain recommended procedures as a part of the regulations. It was our opinion that the rules and regulations, being based on provisions of the law should include only regulations actually mandated by law. Our criticisms of the rules and regulations have resulted in the issuance of revised rules and regulations, which are easier of interpretation, less restrictive, and are confined to matters of interpretation of the law rather than to matters of policy. . . .

There is one matter with regard to this Federal and State relationship which I think should be borne in mind, and that is that the budget estimates, financial reports, statistical reports, and other information required by the Federal Government necessitates the hiring of additional personnel, which would not be needed if it were not for the information which has to be prepared for the Federal Government.

There is one other point which may be of interest although it may not apply to any other type of program. It is a matter which has been brought about by the difference in the provisions of the State rehabilitation laws compared with the Federal law. As an example, in our State law there is no provision which requires us to determine financial need for the provision of any rehabilitation service. On the other hand the Federal law requires that financial need be determined before certain services can be provided, and makes it necessary for the States to establish need in accordance with the Federal law before Federal funds can be used to cover the costs of the service. There have been times when this difference has raised some problems in the administration of our program. However, our State law includes a provision accepting any law enacted by Congress and for this reason we have felt that it was necessary for us to adopt the Federal policy of establishing need for certain services.

[I hope the above] . . . will point up certain questions which may arise in any program where Federal-State relationship is involved. . . .

INDIVIDUAL D: . . . The only activity in which I have direct responsibility relates to the fiscal affairs of the school-lunch program under the United States Department of Agriculture. Considering the fact that this is a new program and one operated by other than the Office of Education, I feel that we have been unusually successful in arriving at a smooth running relationship. Of course, we have had problems to work out with representatives of the Federal Government but these have all been eminently satisfactory up to date. Some matters are still pending but we have no reason for concern or complaint since they seem to be moving as rapidly as we have any right to expect.

[Reference has been made to] . . . "dumping" of surplus food. There have been numerous cases of this sort of thing but it creates no hardship on either the State or local community, since no cost to either the State or local communities is involved. It is a little disturbing sometimes to have too many sweetpotatoes to use or nut meats or any other commodity that is in surplus. I have no constructive suggestion as to better management of surplus foods.

INDIVIDUAL E: My comments relative to the impact of the Smith-Hughes and George-Deen vocational acts on New York State's program of vocational education are as follows:

1. During the past 30 years, there have been many instances when Federal funds have served a useful purpose. Vocational education is one of our most expensive subject areas. A Federal subsidy has often served to encourage small communities to establish appropriate types of vocational training. I am sure that a number of them would not have taken such action without Federal assistance.



2. I cannot recall a single instance of United States Office of Education interference with New York State's vocational education program in a manner contrary to our best interests. As a matter of fact, the existence of the Federal pattern of vocational school organization has often served to help us establish and maintain sound standards.

#### STATE MATCHING OF FEDERAL FUNDS—EFFECT ON EQUALIZATION OF EDUCATIONAL OPPORTUNITY

In economically poor States high taxes for schools often can pay for only mediocre educational programs while in wealthy States relatively low taxes can, potentially at least, provide much better education. When the Federal Government requires straight matching of its grants-in-aid, the tendency is to force the poorer States to dig relatively further into their tax pockets than the richer States, thus requiring the poorer States to make a proportionately greater fiscal effort or to curtail other desired educational or governmental functions. Neither of these is in the interests of equalizing educational opportunity in its broader aspects or of equalizing the tax burden for education. The matching plan, except as a temporary expediency to encourage all States to undertake desired educational activities in the hope that they will ultimately develop their own initiative, is not wholly desirable. The Federal Government may well introduce the factor of State fiscal ability to support education more generally into its grants. The effect of such a plan on the poorer States would be highly beneficial. One of the major concerns of the Federal Government should be to equalize educational opportunity in the Nation.

#### Higher Educational Institutions

The problem of Federal relations to higher institutions in the country is quite different from that of Federal relations to elementary and secondary schools, primarily due to four factors. First, privately supported institutions of learning are more definitely a part of our regularly constituted educational system on the higher level than on the level of elementary and secondary schools. Second, because of this, and due to the traditional independence of higher institutions whether publicly or privately supported, there is seldom an over-all State planning or administrative agency for these institutions. Third, because of the advanced and specialized nature of studies and researches in higher educational institutions there is often a specialized agency of the Government closely associated with or somewhat in the position of a Federal counterpart to the specialized interests within the colleges and universities. Fourth, and somewhat related to the third,

the higher educational institutions of the land have been found to be an excellent avenue for the promotion and extension of many matters in the national interest.

These factors complicate the relations between the Government and these institutions. Direct dealings between many hundreds of colleges and universities by scores of Federal departments, independent agencies, and subagencies naturally result. The large volume of activities and moneys involved in these varied relationships usually have not been subject to objective formulas, often resulting in competition between institutions for Federal activities or competition between Federal agencies to have their activities introduced into certain institutions. The varied nature of the projects makes it difficult to establish any comprehensive over-all Federal policy in these relationships.

It is not within the purpose of the report, devoted to education, to attempt an evaluation of these activities as they concern the promotion or operation of the various specialties of the noneducational governmental agencies involved. In this connection, however, it may be repeated that much unnecessary Federal duplication of facilities in specialized staff, buildings, and equipment is avoided by utilizing the rich resources of the higher educational institutions of the land. Our purpose is to answer two questions: First, what is the effect of this total of Federal activities on the higher institutions of the country; and, second, what policy and organizational changes are needed, if any, on the Federal level? Much more exhaustive studies than have been possible in connection with this report are needed. Only the barest outline, of necessity all too casual, can be included.

The President's Commission on Higher Education indicated a Federal expenditure of \$1,772,000,000 in 1946-47 in connection with post-high-school education.<sup>3</sup> After considerable study we prefer not to present a total figure for Federal activities which involve higher education. As has been pointed out earlier in this report, it is practically impossible to obtain comparable figures for the various Federal activities in education. In other cases, as with the education of veterans, it is often impossible to arrive at even a crude estimate of that portion of total funds for an activity or group of activities which eventually reaches higher institutions. Rather than deal with an over-all total we believe it essential that the programs which involve higher education be reviewed individually or by groups. Suffice it to say that there has been a tremendous increase in Federal activities which involve higher educational institutions.

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<sup>3</sup> A Report of the President's Commission on Higher Education, Higher Education for American Democracy, vol. III, Organizing Higher Education, Washington, December 1947, p. 38.

BRIEF REVIEW OF FEDERAL ACTIVITIES WHICH DIRECTLY AFFECT OR  
OPERATE THROUGH REGULAR HIGHER INSTITUTIONS.

Practically all of these programs have concerned some special Federal interest in a special cause or a special group of individuals. A review of a few examples will be to the point:

Nine Federal departments or independent agencies through many more of their subagencies are sponsoring research in the regular colleges and universities of the country. Between 1947 and 1949 the sums of money for this purpose increased from almost \$89,000,000 to over \$160,000,000. The most significant activities in this classification are those of the three departments of the National Military Establishment which have over \$53,000,000 available for research and development through higher institutions during 1949, the Atomic Energy Commission with 1949 research funds through colleges and universities of over \$81,400,000 (of which over half is for research construction, the majority of which is "off-campus"), and the Department of Agriculture, which has available over \$18,600,000 (\$7,558,000 of which is for grants to States for agricultural experiment stations) for such purposes in 1949.

Federal activities which clearly concern higher education through the regular colleges and universities of the land for special groups of individuals or for special fields of study are operated by eight departments or independent agencies, with several more subagencies involved. With the reduction of certain war-incurred activities, Federal funds available for these types of activity settled down at over \$56,600,000 in 1949. Most significant are the Agricultural Extension Service (increasing from \$19,000,000 to almost \$31,500,000 between 1940 and 1949); public health fellowships, teaching grants, and construction (increasing from \$70,000 to \$10,579,000 between 1940 and 1949); and the fellowship program of the Atomic Energy Commission initiated in fiscal 1948 with \$2,600,000 available, increasing to \$3,400,000 in 1949.

For general support of two special types of higher educational institutions, the State maritime academies and the land-grant colleges, the sum of \$6,518,000 is available in 1949, the amount having been kept fairly constant since 1940.

For pre- or in-service training of Government personnel through colleges and universities the Federal Government obligated \$25,300,000 in 1947 as compared with over \$33,700,000 available in 1949. The ROTC and NROTC accounted for a major portion of these funds.

Several departments and agencies are responsible for activities in the international interest which operate through colleges and universities. For 1947, 1948, and 1949 funds for this purpose average about \$1,000,000 per year.

The tremendous program for education of veterans under Public

Law 346 and Public Law 16 (well over \$2,800,000,000 in 1948, as in 1949) <sup>4</sup> has devoted a considerable share of its funds to education and subsistence to students in higher institutions.

As contrasted with the varied and rather large programs which concern special phases of collegiate life, special types of research, or special groups of individuals, the only Federal activity which is solely concerned with the general welfare and promotion of higher education in the colleges and universities of the country is that of the Division of Higher Education of the Office of Education, which has \$167,000 available in 1949.

Mention should also be made of the many hundreds of millions of dollars' worth of surplus property donated to or sold at discount to higher educational institutions, the over 16,000,000 square feet of floor space in buildings made available to educational institutions under the Veterans Educational Facilities program, and the well over 147,000 housing units made available for veterans attending educational institutions. No equitable value can be placed on these, nor can it be readily determined what proportion of these facilities went to colleges and universities. These institutions have been major recipients from these activities, however. Several other activities for which funds are not segregated by educational level will have been noted.

In all, 19 Federal departments and independent agencies have organized activities which are carried on in the regular colleges and universities of the country. Some of these activities reach all institutions, while others concern only a few. Scores of subagencies of these 19 Federal agencies deal independently with colleges and universities. It would be more simple to name the departments or independent agencies of the Government which do not deal with colleges and universities, but in the interest of a positive approach the list of these agencies which do have programs which operate in colleges and universities is given: Department of State, Department of the Army, Department of the Navy, Department of the Air Force, Department of Justice, Department of Commerce, Department of the Treasury, Department of Agriculture, Department of the Interior, United States Maritime Commission, Federal Works Agency, Veterans' Administration, Federal Security Agency, Tennessee Valley Authority, Housing and Home Finance Agency, National Advisory Committee for Aeronautics, Atomic Energy Commission, War Assets Administration, and the Institute of Inter-American Affairs (a Government corporation). In addition, a number of other Federal agencies have less formal activities or activities related to their more general regulatory operations which involve colleges and universities, such as the licensing of educational broadcast stations by the Federal Communications Commission.

<sup>4</sup> Revised unofficial estimates, as of June 1948.

## CASE STUDIES

To gain an idea of the dispersion of these various Federal programs to the individual colleges and universities and to learn something of the effect on these institutions, 40 letters were addressed to presidents of representative colleges and universities of the country. Thirty-one replies were received during May, June, and July of 1948.

### EXTENT OF FEDERAL ACTIVITIES IN INDIVIDUAL COLLEGES AND UNIVERSITIES

All these institutions had the usual educational activities with veterans, and most maintained ROTC or NROTC units. We submit the reports from two midwestern universities as representing fairly accurately the general picture of Federal activity on the higher educational level.

A midwest land-grant university estimates its 1947-48 receipts from the Federal Government to be \$211,000 for the agricultural experiment station; \$611,000 for its agricultural extension service; \$137,000 for training of vocational teachers and general support; and well over \$500,000 for contract research and development from nine Federal agencies or subagencies. The Veterans' Administration pays tuition and fees for 8,500 veterans, for which the Government provided temporary living accommodations in 590 family apartments and dormitories for approximately 1,500 individuals at a cost to the university of \$1,100,000. Temporary classrooms and storage facilities of approximately 110,000 square feet plus 15 quonset huts were federally provided, with the university share of cost being \$550,000.

Added contracts for student instruction included fees for 3 officers from Army Corps of Engineers, 2 officers from Army Service Forces, 5 officers from the United States Military Academy, 1 officer from Army Quartermaster Corps, 23 officers from Air Corps Air Matériel Command, 150 naval officer students under NROTC and NACP (through Navy Bureau of Supplies and Accounts), 14 postgraduate officers from the United States Naval Academy, and 2 students under United States Public Health Service.

In respect to equipment, this institution dealt with the Air Corps, Navy, Army (Ordnance, Signal Corps, and Engineers), War Assets Administration, United States Office of Education, and the Federal Works Agency. Equipment included machine tools, hand tools, shop equipment and supplies, laboratory equipment, scientific equipment, electronic equipment and supplies, office and classroom furniture, office and dormitory equipment. Miscellaneous contracts with the Federal Government included counseling service to veterans at \$38,300, including lease of space and telephone; \$5,800 from the Navy for medical services, lease of space, and construction of facilities; \$100

from the Department of Agriculture for lease of space; and \$2 from the CAA for lease of space for weather bureau and beacon site. The Federal Communications Commission issues a 3-year contract and makes periodic inspections of the university radio stations. ROTC and NROTC units are maintained, with the university furnishing buildings and maintenance for the academic program.

A Great Lakes area State university, in addition to ROTC and NROTC, reports:

Vocational education	\$31, 310
Veterans Administration rent for consultation service	2, 250
U. S. Public Health Service grants	232,151
Instructional contracts	94, 252
Veterans Administration GI benefits to students	4, 456, 700
62 research contracts, largely science	6, 099, 496
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Total Federal funds	10, 916, 159

Added activities include the following: United States Forest Service makes forest lands available for experimental work; Bureau of Entomology and Plant Quarantine (USDA) makes a truck available for work in forest entomology; a professor collaborates with the Bureau of Plant Industry, USDA; Federal funds for crippled children come indirectly to the university hospital; two professors are paid a small annual fee as consultants with the Public Health Service; a staff member is consultant in medical matters to the Navy which pays \$1,000 annually to the Serological Service; office space is given to an officer and one other from the United States Public Health Service and the officer serves as a lecturer without compensation; the rapid-treatment center of the hospital, directed by the State department of health, is financed by the United States Public Health Service, pays rent, and so forth, to the university, and is used for teaching purposes; the Fish and Wildlife Service (Department of the Interior) has quarters for five individuals, two of whom serve on the graduate faculty of the university, and furnishes materials for biological research and access to its specialized library; housing is furnished to a district office of the United States Geological Survey and the officer in charge cooperates with departmental staff, serves on doctoral committees, and this activity "tends to bring oil people to the campus and makes for good public relations of the Department"; departmental members who manage the weather station are unpaid observers of the United States Weather Bureau; housing is furnished for staff of the Veterans' Administration who deal both with local students and veterans of the surrounding area.

#### EFFECT OF FEDERAL ACTIVITIES ON COLLEGES AND UNIVERSITIES

The officials of the institutions to whom the letter was addressed were asked for reactions to these Federal programs which operate

through their institutions on such matters as improvement of staff, Federal controls, variability in Federal policy, curricular balance, impact on students, and long-range social and educational significance. Because of the extensive discussion of the problems involved over the years, we have taken the liberty of summarizing these replies rather extensively.

Near unanimity is to be found in the opinions expressed regarding the various contract research programs. A large majority of the reports describes the effect of these activities as "stimulating"—in terms of their impact upon faculty, students, and the academic community. An occasional demurrer appears, questioning the desirability of emphasizing the physical or "practical" sciences exclusively, or warning against the possibility that colleges and universities may become overly dependent upon Federal subsidy for their research activities. Similar consensus is evident with regard to the matter of Federal controls in this and other areas—again the majority expression evidences rather complete satisfaction with the restraint and respect for local independence which has characterized Federal operations. The reports express decided approval of the spirit governing university-government cooperation.

Likewise, the program of veterans' education meets with universal approbation. Some reports note with obvious pleasure the "lift" which the presence of the more mature, serious veteran student has brought to the campus, while others applaud the democratizing influences of the GI bill. Recognizing these to be desirable accretions, a few responses indicate some concern for the stability of colleges after the veteran load has subsided and note that their presence has created something of a problem of "integration" which "has not been sufficiently emphasized."

While a small minority of the replies indicates that Federal activities have had "little or no effect" upon regular collegiate pursuits it is clear that the great majority gives evidence of satisfaction with and approval of the various Federal programs now operative on university campuses. Indeed, a few find in this policy the means to more varied and extensive university offerings and at least one respondent hopes that certain of the services under Federal auspices will be extended. In the words of one college president:

I have no hesitancy in stating that in my opinion the social and educational significance of these Federal activities is beneficial from every standpoint, and I believe they have a favorable effect on higher education in general.

#### SUGGESTIONS FOR IMPROVEMENT OF FEDERAL RELATIONSHIPS WITH HIGHER INSTITUTIONS

Many suggestions have been given by these representative college and university officials, either directly or implied, for the improvement

of Federal relationships with higher educational institutions. A summary of these follows:

The responses are nearly unanimous, and most rather vehement, in calling for simplification of the policies and procedures by which research contracts are negotiated. The necessity of utilizing a great variety of forms and accounting techniques, all of considerable complexity, the absence of any set of standards regarding contract provisions, the extended negotiations prolonged by needless red tape, these and similar complaints produce a pronounced demand for uniformity in contract procedures and mechanics. Although many are led to suggest a single contracting agency, and especially a single auditing agency, an equal number as vigorously denounce any tendency to consolidate all such activities in any one Government bureau. It is felt by some that a coordinating officer in the Office of the President or the projected National Science Foundation might be the logical locus of such an authority, but others point to the flexibility and freedom of choice which accrue to the colleges under a multi-agency arrangement and consider that the healthy element of competition . . . would not be present if all contracts were under a single Federal agency. Little disagreement is apparent, however, over the desirability of coordinating all Federal agencies which are engaged in essentially the same specific programs, such as the various housing authorities or those concerned with agricultural experimentation and extension service. It is obvious, to quote one report, that "there exists no pattern (of Federal-State relationships) that is common to all departments and agencies in their contacts with State institutions." Recognition of the need for such a pattern underlies all the reports.

Some sentiment is expressed in favor of the coordination of all Federal activities on the individual campuses but others voice the fear of "too much power centralized" in the grasp of any office so constituted. There is considerable criticism leveled at the inability of local and regional representatives of Federal agencies to make final decisions. Several university officials report in substantial agreement with the following: "We have been handicapped by the inability of our local or regional office to render prompt decisions on which we can rely. . . . This sort of centralization, in our opinion, is one of the greatest handicaps to an efficient and effective relationship between the Federal Government and educational institutions."

Several suggestions are made relative to the type of grant which is most desirable. There seems little objection to the policy of subsidizing worthy students and lines of research. As before, the absence of grants in the social sciences is decried and a plea is made for grants in such areas as community service as well as for "general grants for the support of basic research." Many indicate their favor toward grants for longer periods than the customary one or two years, noting the



difficulty of securing capable personnel for temporary assignments. At least one official, however, feels that the specific grants provide an independence from Federal control which general subsidies would undermine. In general, the consensus seems to indicate great satisfaction with the spirit which motivates Federal activities in these areas—the main criticisms lie in the realm of procedure and mechanics.

#### GEOGRAPHICAL DISTRIBUTION OF PUBLIC HEALTH FELLOWSHIPS AND RESEARCH GRANTS

No effort has been made in this report to trace all Federal funds for fellowships and research to the higher institutions by geographical location except in the case of public health. Certain of those research activities in the field of national defense logically should be done through the institutions most capably equipped and staffed for such research. In the field of public health, however, a good case may be made for more consideration of general geographical spread of activities, particularly in areas of the country in greatest need of public health services.

As of April 1948, 186 public health fellows were on duty in educational institutions in the States, and 1,266 public health research grants totaling \$13,589,456 had been approved for payment. A comparison of the percent of population and the percent of public health fellowships in the various geographical areas of the country will disclose that proportionately the Northeast and the Pacific Southwest States have had the larger number of fellowships. Of 39 added fellows who were on duty with other than educational institutions, 35 were in the Northeast. Fifty-six percent of the 181 additional fellows who were not on duty or had terminated programs prior to April 1948 had been studying in the Northeastern States. In contrast, while the Southeastern States have over 20 percent of the population, they had under 5 percent of the fellows on duty, and the Southwestern States, with over 7 percent of the population, had no fellows studying therein. To be sure, individuals from these areas may have studied in other parts of the country.

However, there has always been a tendency for students from a distance to locate subsequently in the vicinity of institutions where they do their graduate study and for educational institutions to draw a considerable portion of students from their immediate environs, leading to the conclusion that this geographical distribution of fellows may not be in the best interests of the total public health needs of the country. Of course, students should be encouraged to study at institutions which offer the best instruction. In the best interests of public health in regions of the country where health needs may be greatest, strong institutions in this field should be encouraged in those areas. The spread of fellowships may be a factor in increasing the strength of

a few good institutions at the expense of institutions which need to be made strong. Certainly the Southeastern and Southwestern States need individuals well trained in public health.

Similarly, but to a somewhat lesser extent, the amounts of money in public health research grants through educational institutions has favored the Northeast, while the Pacific Northwest, the Southwest, and the Southeast are in the least favorable positions. While research needs to be done in strong institutions, a secondary purpose of public health research is to train adequate public health personnel to serve the various areas of the country. Research grants tend to help make strong institutions stronger, which is good. However, this very process widens the differential between the strong and the weak institutions, thus making the less favored institutions proportionately weaker. Naturally, the Government wants to get the most for its public health research expenditures, which leads to the practice of using the stronger institutions. Yet in the long run and in the interests of strong programs in public health in all areas of the country, more should be done to encourage and strengthen the public health research programs of higher institutions in all areas of the country.

## DISCUSSION

Letters of college and university officials of the country show their belief that the general effect of the various Federal programs is highly beneficial to their institutions. Their comments are usually directed to federally sponsored research activities. Only occasionally do they mention the long-range social and educational implications of these activities. Institutions which only a few years ago were concerned that any Federal moneys coming to them, or even to their students as in NYA, would eventually lead to Federal control are now receiving relatively large sums of Federal money for a variety of specialized activities and like it. They testify that they have seen little evidence of Federal control and that no Federal program has been thrust upon them against their will. Most of them report that they see little danger in upsetting their curricular balance by the added emphasis on the natural sciences which Federal research funds have given, although a few state that they must make added effort to gain funds from other sources to insure a balanced program. Others believe it would be unfortunate if they were to become too dependent upon any single source of funds for support of research or other general activities.

In the program for the education of veterans there has been little Federal influence on the curriculum or purposes of higher educational institutions. The primary Federal contact here has been with the individual veteran, who has had a very free choice in selecting the institution which he desired to attend and the course he desired to

take. Veterans have enrolled in all types of higher institutions, publicly and privately supported, church and secular, small and large, city and rural, rich and poor. They have undertaken studies in all areas of the curriculum. Thus the general cause of higher education in all types of institutions and in all areas of the curriculum has been served. Though no objective formula was used to spread the gains proportionately between institutions, geographical areas, or fields of study, the nature of the program was such that no formula was needed. Although this program has taxed the resources of many institutions, basically it has led to a well-balanced general benefit to higher education. The major Federal goal that veterans be well prepared to reassume their places in civilian life is being accomplished. The higher institutions of the nation are being benefited while being used to achieve a Federal service.

The Federal contract research program has been a vital and stimulating force in the higher institutions where it has operated. It has made it possible for these colleges and universities to improve and retain staff. It has produced much research essential to the physical well-being of individuals as well as for our general technical advancement. It works to increase our backlog of scientists essential to our general internal welfare as well as to our needs for national defense. It has rejuvenated the laboratories of many of our higher institutions.

It is doubtful whether the Federal program of contract research, largely in the natural sciences, is as generally wholesome for higher education in this country as the veteran program. Insofar as such research is deemed necessary by the Federal Government it may well be done through educational institutions. All higher institutions should be willing to undertake Federal research even to the extent of damage to their other programs when national defense is imperative. Moreover, support of pure research is in line with the aims and traditions of higher education. Although very little of specific controls go with the individual Federal research programs, the sum total of Federal research devoted largely to the medical, physical, and biological sciences cannot help affecting educational emphasis.

We as a society are already behind in adapting our social and economic organization in an age of rapid technological change. It is widely believed that the social and economic fields of study lag behind the natural sciences. Suffice it to say that the Federal Government should not increase this gap. Our strength as a nation requires continued fundamental research in all areas of study as they affect all phases of our lives, our associations, and the environment about us. We should not, however, curtail natural science to permit our understanding of human relations and other socio-economic matters to catch up; we should establish balance in our emphasis by strengthening work in other fields. Over the years, if the present Federal

emphasis on research only in the natural sciences is continued, the determination of the colleges and universities to retain balance may wane.

While the educational program for veterans spreads well over all higher institutions, this is not the case with contract research, nor should it be expected to be so in fields of immediate and vital national concern. With each of many Government agencies and subagencies involved in these matters working directly with institutions of their own choice it is conceivable that we could strengthen certain institutions, or concentrate aid in certain geographical areas to the comparative detriment of higher education elsewhere. Although some of this may be necessary in the interests of Federal economy, the question should be raised and an appraisal made. We have previously discussed this problem as it applies to the field of public health.

There is urgent need for over-all Federal understanding of the problems involved. As now operated, there is no assurance that there will be effective coordination, even between separate departments which are dealing in the same areas of research. There needs to be more uniformity concerning standards for research. It is not good business either for the colleges and universities or for the Federal Government to permit a situation whereby a project turned down by one Federal agency as being unworthy can be resubmitted to another agency and approved without knowledge of the prior refusal. The college and university presidents in their testimony give ample evidence of lack of uniformity of Federal policy in respect to such matters as contracts, payments, and audits.

Government research through colleges and universities is only a portion of the total Federal research. A considerable part is done through industrial laboratories or by the agencies of the Government in their own facilities. Thus the development of a comprehensive policy to assure coordination, over-all understanding, and absence of duplication and overlapping, is outside the scope of this report devoted to education. The well-being of the higher educational institutions of the land is involved in the development of such a comprehensive program.

A review of other Federal activities as they operate through the regular colleges and universities of the country, discloses that these institutions are utilized extensively for pre- and in-service training of Government personnel and in the international interest. This type of Federal activity has increased very rapidly in recent years. There is considerable evidence from the university and college presidents who were consulted in connection with this report that they consider the various programs in training of military officers to be desirable. Although they seldom mentioned the other programs in these classifi-

cations, there are no particular difficulties involved therewith, except that of the multiplicity of educational agencies and consequent varying Federal policies. For instance, inquiry should be made into the reasons why the NROTC varies from the ROTC and Air ROTC in the matter of payment of tuitions and fees.

Is it essential that the United States Office of Education care for international exchange of certain classes of educational personnel, while exchange of other types of educational personnel is cared for by the Department of State? The Office of Education should be the best-informed agency of the Government as to the educational resources of this country. It should be in a much better position than the Department of State to work out educational plans for visiting educators. It, through collection of materials over the years, is familiar with educational systems in foreign lands and consequently should be able to correlate the assignments of educators to educational institutions within this country with an understanding of their foreign educational backgrounds. It has an extensive personal and professional relationship with our educational institutions. The United States Office of Education, in coordination with the Department of State, should be given more responsibilities in dealing with the international exchange of persons when educators or educational institutions are involved.

This discussion, thus far, has not dealt with the need of over-all Federal policy in matters which involve the colleges and universities of the country. Piecemeal Federal legislation and the independent determination of policy by a multitude of Federal agencies in programs which concern the higher institutions of the Nation may, in the long run, constitute a less conspicuous and more dangerous type of Federal control than would be evident in a more obvious and comprehensively developed approach. We do not want a dominating Federal department of education where all educational matters are controlled. But to go to the opposite extreme of decentralization, coupled with the strong tendency to increase rather than decrease Federal activities in higher education, certainly is not the appropriate solution. There is much need for the development of comprehensive Federal policies and effective coordination as related to the Federal activities which involve our colleges and universities.

After reviewing some of the problems involved, the President's Commission on Higher Education in 1948 came to the conclusion that it was . . .

. . . strongly of the opinion that, except for direct contract relationships, the activities of the Federal Government in relation to education should be coordinated through the United States Office of Education. It fully appreciates, however, that this is impossible in the immediate future, and urges, as an interim

step, the appointment of an interagency committee within the Government, the Commissioner of Education to be chairman of such a committee.<sup>5</sup>

Although interagency coordinating committees are weak unless the agency responsible for the coordination holds at least a portion of the purse strings, this is the best solution which is immediately available. Coordination of specific functions or purposes is more effective than generalized coordination. An avenue must be opened for coordination and mutual appraisal of the problems involved. In addition, it is recommended that the United States Office of Education be required to collect and publish statistical and other objective descriptive data on all educational activities of the Federal Government as they concern the regularly constituted school systems, colleges, and universities of the country. This should be done at least biennially. An informed public will eventually find solutions to its problems. By lack of information of diversified educational activities tucked away hither and yon over the Government, we may unknowingly permit practices to grow which may hinder the development of strong and independent educational institutions in the States. The Office of Education is already under congressional mandate to . . .

collect such statistics and facts as shall show the condition and progress of education in the several States and Territories, and of diffusing such information . . . as shall aid the people of the United States in the establishment and maintenance of efficient school systems, and otherwise promote the cause of education throughout the country.

To insure that there will be no question about it, the mandate should be extended to include research and dissemination of information about the educational activities of the Federal Government as they concern the educational institutions of the country.

Eventually, if the type of Federal educational agency recommended here is established it can be a vital correlating and service force in connection with the problems treated in this chapter.

Should the Government in the future plan any new activities or extended expansion of present programs which support given areas of collegiate service or curriculum, we would strongly recommend that instead there be substituted a program designed somewhat along the lines of the present education of veterans. For reasons stated earlier in this chapter, this program seems to hold the best promise of any activity yet devised by the Government for strengthening higher education without undue control, either obvious or obscure. The selection of worthy and able students from all parts of the country who have considerable latitude in choosing institution courses of study relieves the Federal Government of any complaint that it is showing favorit-

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<sup>5</sup> Francis J. Brown, President's Commission on Higher Education, "Higher Education," published by U. S. Office of Education, vol. IV, No. 13, March 1, 1948, Washington, D. C. (a digest of the report of the Commission).

ism to individual institutions, geographical areas, or to special phases of the curriculum. In such a plan Federal funds should be granted to States by an equitable objective formula, but choice of institutions by students should not be limited by State lines. Within general standards as determined by Congress, States should be given responsibility for the administration of the program as it concerns selection of able and worthy students, certification of educational institutions where studies could be pursued, and general administration of the program. If such a program were undertaken, a considerable part of the Federal funds now going directly to individual institutions for research, fellowships, and other purposes might better be channeled through it.

We have previously discussed the need for greater strength in over-all State educational agencies. What has been said applies with equal force at this point. Not only for the sake of benefit to the States, but for the sake of decentralization of Federal educational operations and the reduction of numerous Federal direct dealings with individual institutions, there is need for immediate Federal encouragement of more educational responsibility, initiative, and leadership at the State level.

## Chapter V

# CONCLUSIONS—FEDERAL POLICY AND STRUCTURE FOR EDUCATION

### Background

Of the vast array of public functions carried on at the various governmental levels none is basically more important to the well-being of the individual citizen or life in a democracy than education. The opportunity for an adequate education, geared to realistic needs of individuals and of our type of society, is fundamental to our concept of the value of the individual citizen and of his place and participation in democracy. Although education is a basic responsibility of States and should remain so, the Federal Government has a justifiable concern that educational programs within States be realistic, effective, and compatible with broad national needs and standards. Whether we think nationally in terms of civic or general literacy, defense needs, welfare of individuals, industrial effectiveness, or a host of other important considerations, we come to the conclusion that an adequate education in the States is essential. Quantitative and qualitative changes in this education are imperative from time to time in order to meet the needs of the changing conditions in our dynamic life.

Historically the Federal Government has done much to encourage States to make such changes. This is evidenced by a number of activities such as the early land grants which were the basis for the development of public-school systems in new States, the encouragement of land-grant colleges to meet the needs of a growing agricultural and industrial nation and to further democratize the opportunity for higher education, or the Federal-State cooperative program for vocational education to encourage high schools to be realistic in meeting the needs of new hordes of pupils who were flocking to them.

Decentralization of the basic responsibility for education to the States should be continued and Federal activities in education need to be reviewed in the light of this principle. In the long run educational strength in initiative and leadership at the State level brings greater national strength in our form of government. It is our protection against using education as a force toward national partisan ends. In too many other countries we have recently observed the ef-



fects of nationalized educational systems used as a means to pervert democratic government and destroy individual and social freedoms. We do not want a Federal educational system with set uniformity which stultifies experimentation and subsequent progress.

However, if we assume that the Federal Government has no place in education we close our eyes to the history of Federal participation in encouragement and support of education in the States. By and large these Federal activities have been highly beneficial both from a State and a national point of view. If, in the future, education in the States is generally unresponsive to some very pertinent need of individuals in our type of society, certainly the Federal Government should retain the right to fill the gap by encouraging the States to undertake appropriate action. Or if certain poorer States after making a reasonable maximum effort are still unable to provide a minimum of education considered essential for general or civic literacy, the Federal Government may well offer assistance. Particularly in this day of mobile population and increasing importance of national civic participation the inability of a State to provide minimum educational essentials becomes a national interest. There is little historical support for the contention that we have had undue direct control in the Federal programs of education which have been conducted on a cooperative basis with States. Also many of the Federal programs which operate through States or institutions in States on other than a cooperative basis have no undue direct Federal control. Witness the Federal activities for the education of veterans, involving something over \$2,800,000,000 in 1949.<sup>1</sup> The major criticisms which are made concerning this program are leveled at too few Federal controls, a situation largely corrected by the Eightieth Congress. The college and university presidents have testified that they note practically no evidence of harmful control in the rapidly increasing Federal activities through their institutions. The argument of Federal control of education has often been used as a screen by those who oppose Federal assistance on other grounds.

The danger to education lies more in the uncontrolled spread of uncoordinated and specialized educational functions over the Government without regard to effective over-all educational development. Fearing a Federal centralization of activities which concern the educational institutions of the land, we have taken the alternate course of diffusing Federal activities in education among many of the departments and independent agencies of the Government. The United States Office of Education, the one agency of the Government which has traditionally championed the cause of general and balanced development of education under State responsibility for leadership and initiative, has available through it (for both its administration and

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<sup>1</sup> Unofficial estimate as of June 1948.

its grants to States) approximately 1 percent of the total Federal funds in the fiscal year 1949 which go to schools and higher institutions in the States and students therein, to the operation or support of Federal educational institutions and programs, or for the administration of these programs. If we add to this Federal total the unclassified activities and those which do not concern regular educational institutions (category "B" activities), the percentage through the Office of Education would be considerably less.

In 1949 there is available something over \$3,400,000,000 <sup>2</sup> of Federal moneys which will be used in educational activities which directly affect our regularly constituted schools and higher institutions, operate through them, furnish similar education, or assist students in these schools and institutions. As has been pointed out earlier, however, this is not direct general Federal aid to education although in some cases as a byproduct general assistance may result. A very large majority of these funds are dedicated to war- or defense-incurred educational activities such as education of veterans, schools in defense or military areas, military research and pre- or in-service education of military personnel through universities, raising the educational level of members of the armed forces, and so forth. Only the relatively small sums of money available to the Office of Education for its internal use in research, service, and leadership for the general development of education at all levels and in all parts of the country (in the vicinity of one and a quarter million dollars in 1949) mirrors the Federal concern for the over-all general development of education in this country.

Except for this small general interest in education expressed through the Office of Education, all Federal activities which deal with the regularly constituted schools are for specialized activities such as promotion of special areas of the curriculum, specialized educational services, assistance to special geographical areas, promotion of special fields of research, education for special groups of individuals, support for special types of higher institutions, or pre- or in-service education of specialized Government personnel. Although the educational institutions of the land are being utilized effectively for the promotion of many Federal causes, and although in general the schools and colleges of the land believe that the effect of any individual activity is beneficial to their programs, the emphasis in its totality on specialized phases of education favoring technical and scientific areas cannot fail to unbalance the educational institutions of the land. This is the type of indirect effect which we believe more dangerous than the threat of direct Federal control.

Additional factors give rise to further concern. The vast majority

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<sup>2</sup> Includes in excess of \$500,000,000 over official estimate for 1949 education of veterans appearing in appendix.

more desirable functions caused by changing national conditions and needs for which the regular schools and higher institutions in States may not have been sufficiently responsive in developing balanced services, or to equalize educational opportunity in States unable to provide proper education.

4. The goal of the Federal Government in its activities related to the regularly constituted schools and higher educational institutions in the States should be to develop self-reliance and self-sufficiency at the State or institutional level. When Federal assistance is given, either through fiscal or leadership means, it should be to this end.

5. When resources are available in the regularly constituted schools and higher institutions in the States through which Federal educational responsibilities or Federal purposes can be accomplished, these should be utilized and supported. Except in critical emergency situations, however, this should be done with due consideration to the well-rounded development and general welfare of schools and colleges throughout the country.

6. Grants-in-aid or other fiscal assistance to States for education should be as general as possible in nature consistent with the Federal obligation and necessity for ascertaining that funds are used for the purposes for which intended. When the purpose is other than emergency in nature, impartial objective formulas should be utilized in distribution of funds.

7. All Federal activities which concern elementary and secondary schools in the States should be the responsibility of one Federal educational agency unless the evidence is clear-cut to the contrary. In the latter case there should be legally required and specified coordination between the agency involved and the Federal educational agency to insure that operations are in accord with educational needs of schools and localities and that responsibilities are properly decentralized to State departments of education.

8. All Federal educational activities which concern higher educational institutions in the States, except those which are of a critical emergency nature, must be consistent with the policy stated in 2 above, and to this end there should be more dependence on the Federal educational agency for development of and advisement concerning these activities. Until more effective Federal policy and organization for these activities can be attained interagency coordination for activities which involve similar functions or purposes is necessary.

#### SPECIAL FEDERAL RESPONSIBILITIES FOR EDUCATION

1. The Federal Government should assure equal opportunity at public expense for elementary and secondary education of dependent children of Federal employees who live on special Federal properties,

reservations, construction projects, Federal overseas installations, and in occupied areas. Similarly this responsibility extends to cover situations where federally incurred activity creates an educational burden on communities which they cannot be expected to bear. One comprehensive Federal policy should cover all these situations.

2. The Federal Government should assure educational opportunity to Indians and other native peoples in Territories and possessions. One comprehensive policy should cover these situations.

3. As far as possible in connection with 1 and 2 above, use should be made of existing public educational facilities or if added facilities are needed they should be provided by the Government to State or local public educational agencies. All arrangements should be cleared through State departments of education.

#### FUNCTIONS OF THE FEDERAL EDUCATIONAL AGENCY

1. The historical functions of (a) collecting statistics and facts to show the conditions and progress of education; (b) diffusing information to aid in the establishment and maintenance of efficient school systems; and (c) otherwise promoting the cause of education throughout the country, should be retained with major emphasis. Among these three functions, the emphasis should be in the order listed.

2. The historical function should be expanded by congressional mandate to include the biennial collection of facts and objective description of all educational activities of the Federal Government which concern the regularly constituted schools and educational institutions of the country and the diffusion of this information. This should include research and diffusion of information concerning the effect of these activities on the regularly constituted schools and educational institutions in the States.

3. All Federal activities which concern elementary or secondary schools in the States should be the responsibility of the Federal educational agency unless the evidence is clear-cut to the contrary as stated in 7 above. This should include matters involved with instruction and educational services. It should extend to the basic responsibility for the comprehensive program for dependent children or Lanham Act type of assistance.

4. The Federal educational agency should be responsible for educational aspects of activities involving higher educational institutions which primarily concern more than the specialty of any individual noneducational department or independent agency. For instance, the ROTC is primarily concerned with the specialty of the Army and thus should remain there. On the other hand, the placement of exchange professors in American universities should be vested in the

Federal educational agency. This policy would not deny to the Department of State its logical noneducational part in the program.

5. When, because of the exceptions noted in 3 and 4 above, a Federal activity operates through or concerns the regularly constituted schools or higher educational institutions in the country with primary responsibility in other than the Federal educational agency, the latter should have a well-defined coordinating or educational service function in connection therewith. The certification of educational need by the Office of Education in the veterans' educational facilities program of the Federal Works Agency is a case in point.

6. The Federal educational agency should be a source for professional educational service to all agencies involved in educational matters whether having to do with in-service training or the promotion of their particular specialties. In general, duplication of professional educational personnel in noneducational departments and agencies should be avoided.

7. Cutting across several of these functions is that of strengthening responsibility, professional leadership, and educational initiative in schools and higher educational institutions in States, with particular reference to State departments of education. This should be a major function of the Federal educational agency.

8. Also implied above, but needing greater stress, is the function of aggressive research, diffusion of information, and of promotion concerning educational activities or services badly needed but often neglected by States. Such a function, properly performed, should encourage States to assume responsibility and may avoid some of the piecemeal demands for specialized Federal educational activities. It may result in Federal programs which are much more effective. The current move for a labor extension service is a case in point. This function may apply with equal force to such areas as need for school building construction and scholarships and fellowships. The Federal educational agency should be the first to detect these trends and to offer solutions based on research findings. Leadership and service of this type should be an important function of this agency. Lack of aggressiveness by the Office of Education may have been a factor in absence of comprehensive Federal programs and substitution of piecemeal activities in noneducational agencies.

9. The Federal educational agency should be a clearinghouse for service and information to educators, educational institutions, and scholars to insure that educational inquiries will be directed to the one or more Federal agencies, libraries, or individuals in the Government which are most expert in respect thereto.

10. Closely allied with this is the function of the Federal educational agency in respect to utilization of the rich resources of the Federal Government in a curricular service to schools.

## **Organization of the Federal Educational Agency**

It is apparent from the materials presented previously that the United States Office of Education has not been properly equipped to perform the functions listed above. It has not been able to exert the educational leadership or render service either at the State or Federal level commensurate with the needs of education in States, the importance of education in our national life, or with the rapidly growing educational activities in the Federal Government. Considering all factors, we have been fortunate in having even the modicum of effectiveness which has been developed in this office. To some extent we believe this situation can be improved by proper organization which will better its professional status and give it more leadership stature.

The Federal educational agency is not primarily an operating office. Its major function is professional research, service, and leadership in the interests of education in the States. Thus, our first question must be: What type of organizational structure will permit this agency to perform this function most effectively? The question of what will look neat or streamlined in a Federal organization chart is secondary. It is fundamental that this agency should be nonpartisan both in its personnel and its point of view. It follows that every possible protection must be given to assure that it be protected from partisan politics and from those who desire to build power for the sake of power. This agency, in its organization, should be consistent with what is considered good organizational practice on the State and local level.

### **A NATIONAL BOARD OF EDUCATION**

citizens in their appreciation of education. It is to be expected, however, that in making selections the President will give some consideration to keeping the board reasonably representative.

No two members should come from any one State and probably no member should be appointed from a State which has been recently represented on the board. A majority of the members probably should be laymen as contrasted with professional educators. Members should be removable from office only for cause specified in law.

Legal specification alone cannot insure the high type of board necessary. It is essential that those groups and individuals in this country who have major concern for the general welfare of education be a vital force in public opinion to assure proper appointments. In the last analysis this is our best guarantee for proper selection of members to this board, as well as for many other improvements suggested in this report.

Board members should not be paid, except for per diem and expenses when performing their official business. It is assumed that they would meet regularly four to six times a year and on call. The board should be primarily advisory in nature, but by specific mandate of Congress could, and probably should, be given a number of responsibilities such as determination of policy within legislative limitations regarding approval of State plans for education as related to Federal subsidies and the application of other standards which may be a consideration in making grants to States.

A number of functions of the old Federal Board for Vocational Education may well be assumed by this board. Certainly its most important function would be to advise the Commissioner of Education relative to needed research and promotional programs and to advise the Federal educational agency in developing its services in performing the functions outlined above. Its counsel should be a leavening force concerning educational matters in both the legislative and executive branches. It should review Federal policy in education from time to time to ascertain that the best interests of States and Nation are being advanced by Federal educational activities.

A number of considerations, some of which have already been discussed, prompt this suggestion:

1. The potential danger of using the Federal educational agency for partisan purposes or for the promotion of ideologies or educational programs inimical to the best State and national interest would be minimized by the National Board of Education. As it now stands, the Commissioner of Education can use his office, or, if he resists, his superiors can use his office, for improper or unwise purposes. The recent controversy between the Federal Security Administrator and the Office of Education at least demonstrates the potentialities of this

situation.<sup>3</sup> Education can be used to pervert the mind of a nation as has been done in certain other countries. Although this has not happened here, we must guard against the possibility that it could happen.

2. At both State and local level we insist that educational policy within constitutional or legislative limits be developed by a board of representative citizens. It is not logical that, at the one place where we fear undue control of education, we should neglect at least an opportunity for review of policy by such a group.

3. If the Federal Government is to encourage greater strength in State departments of education and proper organization therein, it must set an example for such departments. We have suggested a small grant to State departments of education which meet minimal federally determined standards. If this is done, or even if it should not be done, certainly the major function of encouraging proper organization to bring educational strength and initiative in States cannot be effective if the State finger of scorn can be pointed at Federal educational organization.

4. The Federal Government requires State boards for vocational education, yet on the Federal level we have abolished such a board, leading to situations which at least are alleged to have been federally "masterminded." Particularly in important matters of Federal determination of policy or standards within limits as prescribed by Congress, of discretionary power, or of State plan approval or disapproval the decision should not rest on the judgment of one individual. Such violates a Federal requirement in States as well as our best tradition of educational administration on State and local level.

5. The development of balanced Federal educational leadership and service to counter the present Federal imbalance, is a project which needs our best and most objective minds. It should not be entrusted to one individual regardless of the amount of wisdom he may possess. This is not the American way, particularly in education. We have no illusion that all the Federal problems in the field of education will be resolved by this report. Problems of the type indicated herein will be with us for a long time. It is essential that we have a continuing body of representative citizens which will be alert to see that the educational staff search out these problems, discover their significance, and make constructive suggestions relative to their solution.

6. The Federal educational agency must be alert to educational problems and difficulties from the grass roots of education in the

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<sup>3</sup> See Congressional Record, August 2, 1948, Vol. 94, No. 123, 80th Cong., 2d sess., p. 9788; and Investigation of the Federal Security Agency, Hearings before the Subcommittee of the Committee on Appropriations, House of Representatives, 80th Cong., 2d sess., on the Department of Labor-Federal Security Agency Appropriation Bill for 1949, U. S. Government Printing Office, August 1948.



larly as they are not the major concern of this report. Recommendations and suggestions concerning the transfer of certain activities to the office and the development of needed coordination have already been discussed.

### **Location of the Federal Educational Agency in the Executive Branch**

The determination of the location of the Federal educational agency should be governed largely by its functions and its modes of operation. Where can it best perform its function of research, service, and leadership in the interest of education in States? Where can it best act as an integrating and service agency for the dispersed educational activities in the various departments and independent agencies of the Federal Government? Where can it operate most effectively without partisan influence or undue control of education in States? Where is it most likely to develop professional status commensurate with its importance?

There are three feasible places in the Government where the Federal educational agency could be located. First, a Federal department of education with a Cabinet officer at its head could be established. Such a recommendation was made by the National Advisory Committee on Education appointed by the President which rendered its report in 1931. This possibility is discarded primarily because it could subject education to political control. Other considerations in refusal to consider this solution favorably involve its incompatibility with good State and local educational organization, the needless increase of major governmental departments, the assumption of undue centralization of educational functions, and the regard for retaining basic control and responsibility for education in the States. Although education would gain governmental status by such a move, too high a price would be paid for it.

The second location, in a Federal department of health, welfare and education, has more to commend it. In support of such a department it has been pointed out that all these functions are concerned with the welfare of the individual, the family, or the community. It follows the principle of centralization of functions by purpose. This would be a logical outgrowth of the present Federal Security Agency. By forming a united front, it is assumed that better presentations of over-all fiscal and other needs could be made to the President and to the Congress. Through the prestige of a secretary in the President's Cabinet, each concern of the department could be advanced more effectively and interdepartmental coordination implemented. Each of the services involves relationships with States usually in the form of

grants-in-aid, thus making for considerable compatibility in methods of operating. Efficiency and economy should result from such an organization.

On the negative side, and as related primarily to education, such an organization also has certain disadvantages:

1. The much-needed National Board of Education would not easily fit into the structure.

2. The secretary, and assistant secretaries, if such were in the picture, would almost of necessity be political appointees who could subject education to political pressures. Although such pressures would be damaging to the field of health, the damage to education could be much worse. Education deals with ideas in the minds of individuals, while health is concerned with their physical well-being.

3. The other agencies of the proposed department do not have the clear-cut tradition and record of placing responsibility on their counterparts in the States as has the United States Office of Education.

4. Education has more in common with activities of several other departments of the Government than with activities of the proposed department. Witness the educational activities of the Department of Agriculture, Atomic Energy Commission, Army, Navy, and the Veterans' Administration, all of which have larger programs which concern elementary, secondary, or higher education than the Office of Education itself.

5. The great need of developing the Federal educational agency as a professional servicing and integrating force for all educational activities of the Government, the large majority of which are outside the proposed department, has been pointed out. This may be used to support independent status rather than inclusion in a department.

6. There are those who fear that the interest of the present Office of Education would be overlooked as its activities are relatively small as compared with rapidly expanding activities, such as social security. Major consideration in determination of policy and allocation of budget would naturally favor the larger operating activities. They see little chance of obtaining a departmental secretary who has the vision or ability to weigh decisions which involve such diversified and specialized fields as would be represented in the department. A professional educator probably should not head such a department, as this associates education with partisan politics. It is also unlikely that such an individual would be appointed. The probability of either a professional medical or welfare individual in this position would tend to strengthen the special field of his interest possibly at the expense of education.

7. There are others who believe that association of education with these welfare activities would give to education the connotation of

charity and social service, an implication inconsistent with the important place of education in the life of a democratic nation.

8. It is the belief of many that the departmental structure adds a needless administrative level (or possibly two levels if assistant secretaries are included) to hinder direct representations to the President, to the Congress, or to the people in matters which involve education. Difficulties in this respect recently evident in the Federal Security Agency could easily become more aggravated in the departmental structure.

9. The too-prevalent tendency of a department to desire to amass power and control is antagonistic to Federal policy as it should concern education.

10. The proposed department to include education is contrary to accepted and best practice for organization of education on the State and local level.

11. In total, these factors might reduce public confidence in the Federal educational agency.

The third possible location for education is in a separate independent agency. Practically all the objections which have been raised in connection with incorporating the Federal educational agency in a department of health, welfare, and education are minimized or eliminated by such an organization. The National Board of Education would fit well into this plan. The opportunity for partisan controls and abuse is reduced. It may be in a better position to work with, integrate, and serve educational functions in other agencies of the Government. It would be less likely to come under noneducational domination. There is no implication that its services are involved with charity and social service. It should be able to make its representations to the President and to Congress directly without dilution of the professional education point of view by intervening administrators.

If there were any tendency to attempt to amass power and exert undue controls it would be in a position where responsibility could be easily established and proper corrective measures taken immediately by the President or the Congress. Such an organization is in line with accepted and best educational practice on state and local levels. Potentially the plan seems to offer greater chance of developing public confidence in the Federal educational agency. Professional competency in leadership and service should be able to develop more effectively.

But the argument is not all in favor of the independent agency. There is a substantial record of professional competency in a number of bureaus within departments. The record of competency within independent agencies has not always been good. The multiplying of governmental agencies reporting directly to the President is not good administrative policy unless the Office of the President is reorganized

to meet this contingency. Possibly a Cabinet officer might have more prestige and political ability in presenting needs of the agency to the President and the Congress than would the Commissioner of Education. The independent agency might tend to become too submerged or dissociated from the normal stream of responsibility of the executive branch.

In the last analysis the decision concerning the location of the Federal educational agency in the framework of the Government will have to be made in consideration of the total anticipated reorganization of the executive branch, a matter beyond the scope of the report. If education is thought of as "just another governmental function," the question can be answered in more routine manner. If, however, thought is given to the proper importance of education in the life of a democratic nation, its relationship and functions relative to education in States, its need for protection from partisanship, and the necessity for integration and service among the various educational activities throughout the Government, it is urgent to give special attention to the location of the Federal educational agency. These aspects may justify special treatment and exception from criteria developed for the more normal operating agencies. The balance of all the various arguments warrants giving serious consideration to the establishment of a separate independent agency.

If, in spite of what seems to be a majority of evidence in favor of the independent agency, it is considered essential to place the Federal educational agency in a departmental structure, the question arises as to how the National Board of Education could fit into this plan. It is believed that under no circumstances should this Board be sacrificed for the purpose of merely making the structure look neat. If the Board were placed at the bureau or agency level it would be so submerged that it might have little or no influence at the department level. It is thus suggested that the Board might better protect and foster education if it were advisory to the Secretary of the department, in which case the Commissioner of Education might well be its secretary or otherwise be delegated responsibility for its agenda and similar matters. It is apparent that neither of these solutions for locating the Board are as satisfactory as would be possible in the independent agency where no such problem would be encountered.

has played a very minor role in the Federal educational enterprise, to accept suddenly the full responsibility for solutions to all of the problems treated in this report. In a sense the Federal educational agency will have to win its right to be the integrating and service force, or the operating agency for added activities when justified, within the Government. Its major role of research, service, and leadership to strengthen educational responsibility and initiative in States is an increasing challenge. Implementing the Office so that it can grow in stature and service to perform these functions is necessary. The alternative is still further chaos in Federal educational activities and potential disregard for the best interests of schools and educational institutions in States.

## **Part Four**

# **FEDERAL ACTIVITIES AND ORGANIZATION IN THE FIELD OF EMPLOYMENT**



## Chapter I

### SCOPE AND TRENDS OF FEDERAL EMPLOYMENT FUNCTIONS

The employment functions of the Federal Government in broadest terms may be defined as those of supervising and regulating conditions of work in nongovernmental employment. They include such activities as the conduct of research and dissemination of information concerning employment and variations in employment, wages, cost of living, conditions of work, and employment practices; the administration of regulatory statutes dealing with conditions of employment; development of sound and tested standards of employee relations and labor law administration; provision of job training and guidance facilities for potential and out-of-school workers to help them improve their prospects of gainful employment; the administration of public employment offices and unemployment insurance laws to compensate wage losses and to minimize periods of unemployment; the establishment of standards and procedures whereby public officials intervene to assist employers and labor organizations in preventing and adjusting disputes over conditions of employment.

At different points the Government's functions as supervisor of employment overlap its functions as provider of assistance to the unemployed, as educator, as protector of the health of the population, as stabilizer of the national economy, as administrator of national defense. Public assistance policies have historically been formulated and administered with a view to their effects on the supply and incentives of labor. The method of insurance originally applied to employment accidents has been extended to the protection of workers from the hazards of unemployment and old age, and is financed by a tax on pay rolls and in the case of old age on the worker's pay envelope.<sup>1</sup> The public employment offices register claimants for unemployment compensation and apply the provisions of law concerning their willingness and availability for work. The employment agency is vitally concerned with the standards and curriculum of vocational training and counselling activities in the schools.

In the enforcement of factory inspection laws concerning the health and safety of employees, the employment agency is compelled to rely



on the medical and engineering professions and the health agency. Laws prescribing hours of work and overtime pay, minimum wage and prevailing rates, have to be considered in relation to their effect on costs, prices, employment, and purchasing power. The research and statistical functions of the employment agency are essential tools in the planning and timing of public works or other policies aimed at stabilizing employment at high levels and preventing violent fluctuations in the demand for labor. Finally, the public employment service is the natural agency to administer, with respect to civilian employment, selective service or national service legislation, both in order to establish orderly withdrawals from the civilian labor force and to direct workers from less to more essential industries and occupations.

The problems of structural organization and coordination in the field of employment are obviously complex. The democratic process of agitation, discussion, and compromise, here as elsewhere, has resulted in the recognition of economic and social responsibilities as governmental functions in piecemeal fashion. Regulation of the employment process involves issues as controversial as any in the relation of Government to the economic order. The past 10 years has witnessed in this field struggle over the issues as to who should administer these functions, how they should be coordinated and controlled, and how they should be coordinated with related activities. There has been frequent shuffling and transferring of functions, resulting in a high degree of functional dispersion. Many factors are involved here, including differences of opinion over the objectives of the Labor Department, the appropriate scope of its functions, conflicting ideas as to the requirements of congressional control and Presidential coordination, the pressures of influential groups with which employment and labor agencies have to deal, changing relationships with social security and national defense programs, and Federal-State relations. In the absence of deliberate consideration and action, these factors will operate to continue this wasteful peregrination of functions. It is highly desirable that fundamental consideration be given to the basic trends in governmental responsibility, and to the lessons of administrative experience, in formulating a concept of public purpose that will provide a focus of program supervision and policy coordination adequate to cope with the employment problems of the coming decades.

One basic trend in Federal responsibility and method with respect to employment and related functions is reflected in the congressional declaration of purpose in the Employment Act of 1946:

... to use all practicable means . . . to coordinate and utilize all its plans, functions, and resources for the purpose of creating and maintaining, in a manner calculated to foster and promote free competitive enterprise and the general welfare, conditions under which there will be afforded useful employ-

ment opportunities, including self-employment, for those able, willing, and seeking to work, and to promote maximum employment, production, and purchasing power.<sup>2</sup>

Clearly, however, achievement and maintenance of maximum employment is a national objective that comprises the activities of practically all Federal agencies. In establishing the Council of Economic Advisers in the Executive Office of the President, Congress recognized that it is too broad an assignment to be vested in the head of any single operating department. Below the central level of planning and coordination, however, several operating programs clearly assume a more interrelated aspect once Congress and the President think in terms of coordinating existing national policies so as to promote maximum employment, production, and purchasing power.

## Changing Viewpoints on Employment Policy

### CONCEPT OF THE LABOR FORCE

If high employment levels are successfully maintained the distinctions between programs dealing with the employed and the unemployed, between the employable and the unemployable, between those having or seeking employment and those unable or unwilling to work will be greatly reduced. The concept of guiding and developing the labor force as a whole, including the training, distribution, and utilization of the Nation's labor power will assume greater importance. Under the impact of depression and war, the Nation found it necessary to adopt and coordinate policies dealing with various parts of the working force—youth, employable unemployed, the physically handicapped, older workers, etc.—and the definition of employability changed almost overnight. In peacetime the Nation may consider neither necessary nor desirable the wartime centralization of responsibility for expanding the labor force, effecting controlled withdrawals for military service, and allocating manpower to essential industries and occupations, but it is increasingly clear that the most effective utilization of manpower requires thorough consideration of policies dealing with the training, placement and distribution, compensation, security, and satisfaction of workers in their jobs.

### COORDINATION OF EMPLOYMENT AND EMPLOYMENT SECURITY

Employment and employment security policies, so far as the latter are based on the employment relationship, should be formulated and evaluated in relation to each other. The nature of measures to be

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<sup>2</sup> 60 Stat. 23.

on the medical and engineering professions and the health agency. Laws prescribing hours of work and overtime pay, minimum wages and prevailing rates, have to be considered in relation to their effects on costs, prices, employment, and purchasing power. The research and statistical functions of the employment agency are essential tools in the planning and timing of public works or other policies aimed at stabilizing employment at high levels and preventing violent fluctuations in the demand for labor. Finally, the public employment service is the natural agency to administer, with respect to civilian employment, selective service or national service legislation, both in order to establish orderly withdrawals from the civilian labor force and to direct workers from less to more essential industries and occupations.

The problems of structural organization and coordination in the field of employment are obviously complex. The democratic process of agitation, discussion, and compromise, here as elsewhere, has resulted in the recognition of economic and social responsibilities as governmental functions in piecemeal fashion. Regulation of the employment process involves issues as controversial as any in the relation of Government to the economic order. The past 10 years has witnessed in this field struggle over the issues as to who should administer these functions, how they should be coordinated and controlled, and how they should be coordinated with related activities. There has been frequent shuffling and transferring of functions, resulting in a high degree of functional dispersion. Many factors are involved here, including differences of opinion over the objectives of the Labor Department, the appropriate scope of its functions, conflicting ideas as to the requirements of congressional control and Presidential coordination, the pressures of influential groups with which employment and labor agencies have to deal, changing relationships with social security and national defense programs, and Federal-State relations. In the absence of deliberate consideration and action, these factors will operate to continue this wasteful peregrination of functions. It is highly desirable that fundamental consideration be given to the basic trends in governmental responsibility, and to the lessons of administrative experience, in formulating a concept of public purpose that will provide a focus of program supervision and policy coordination adequate to cope with the employment problems of the coming decades.

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adopted may vary as political and economic conditions change, but it is clearly desirable to encourage high levels of production which will permit the maintenance of adequate standards of life. Maintenance of high levels of production is a joint responsibility of employers and employees working in collaboration with the Government. Such policies may conceivably be discharged by collective-bargaining agreements or by statutory regulation and adjustment of social-insurance benefits. Fostering the sense of employer and labor responsibility for programs presents a problem radically different from giving direct assistance to individuals through health, educational, and social-welfare services or by outright financial payments. It is entirely possible that coordination of employment and security with social-welfare measures, and consideration of their effects upon the labor force and financial capacity of the economy as a whole, may be required at a supradepartmental level by Congress and the President.

#### WAGE-PRICE RELATIONSHIPS AND INDUSTRIAL DISPUTES

In our national history it has been only in wartime that the Government has adopted policies controlling the general movement of wages. Experience with relatively high employment suggests that a situation could conceivably arise requiring the Federal Government to take action to regulate or control inflationary-deflationary price changes. Such action might entail the adoption of policies dealing directly with wages, and these policies would have to be coordinated with the machinery for handling labor disputes. The events attending the wage negotiations in such basic industries as coal, iron and steel, railroads, automobiles, and electrical manufacturing during the post-VJ-day period have since become almost routine annual occurrences, with sustained "follow-the-leader" effects that have been felt throughout the entire economy. In a free society, wage-stabilization measures of any kind would depend upon the practices and machinery of collective bargaining, but if public policies concerning wages should be adopted they should be administered in relation to the skills and information of the Government agencies continuously concerned with the supply and distribution of labor, and with the economic effects of industry, occupational, and geographical wage differentials.

#### THE INTERDEPENDENCE OF EMPLOYEE, EMPLOYER, AND PUBLIC INTERESTS

Practically every Government function in the employment and welfare fields of the past 50 years has been adopted as a measure promoting the welfare of wage-earning and lower-income groups.

Such measures as accident and unemployment compensation, wage-hour and child-labor laws, collective bargaining, and social insurance generally, once so bitterly opposed, are now accepted basically as public policies although great difference of opinion still exists with respect to details. It is recognized that these policies have important economic effects in which both employer and employee groups and the general public have vital interests. As instruments, these policies will in all likelihood have to be modified or adapted to meet future needs effectively. Conflicts of real or presumed group interest will undoubtedly continue to arise. There is general consensus, however, that these conflicts should be restricted to the broad sphere of politics and legislation and that in general administrative departments should not seek to represent the interests of a single organized group as against others, nor restrict themselves to promoting the settlement of intergroup controversies through nongovernmental action without consideration of the public interest. Such concepts bring too narrow a perspective to bear upon the problems of achieving maximum employment and the national welfare. The interests of employers and labor organizations cannot be confined to or channeled through a single department. Efforts to do so have aggravated the complexities of governmental organization, and have immeasurably retarded the proper development of established functions. Proposals for departmental reorganization, therefore, should not be based upon protective or ideological affinities with influential groups in the population. As a problem of organizing to administer public policies most effectively, the approach should be to find a desirable focus of related functions for Congress and the President to rely upon for continuous study and coordination for purposes of administrative supervision and program development. From this standpoint, the appropriate method of relating the viewpoints of interest group organizations to administrative departments is through the maintenance of genuine advisory and consultative contacts at high policy levels. Both formal and informal devices of consultation, properly established, may be exploited to the mutual benefit both of the Government and outside groups.

#### PRESIDENTIAL COORDINATION AND DEPARTMENTAL COORDINATION

The foregoing trends have by no means secured full statutory or public recognition, but they perhaps provide guideposts for setting the course of administrative reorganization. One of the crucial factors in the field of employment policy as distinct from administration is the extent to which Congress and the President choose to place responsibility on one or more department heads for planning and co-

ordination, or prefer to lift these activities up to the Executive Office level. As a general principle, the more widely scattered the operating functions, the greater the responsibility for coordination that is placed upon the President and the agencies under his immediate direction. The Employment Act makes no provision for coordination of operating programs beyond the utilization of statistical information and fixing of responsibility upon the Council of Economic Advisers for giving advice on national economic and fiscal policies. Supervision of operating programs requires an intermediate level, partly to prevent congestion at the center, and partly to encourage responsibility for handling congressional relations, settling inter-bureau disputes, maintaining outside consultative contacts, coordinating interrelated programs, and anticipating emerging needs by systematic study of operations. In order to lay the foundation for consideration of an appropriate structure of departmental coordination in the employment field, we turn now to identify the principal employment programs and to appraise their relative fiscal importance and administrative evolution.

### Comparative Trends in Appropriations

Table XXV, page 387, presents a classification of Federal appropriations for activities specifically oriented toward the employment process and employer-employee relations. It extends Government employment, Government work and public assistance programs, and the social insurance other than unemployment compensation. It reveals the sharp rise in expenditures after each world war, the 20-fold increase during the thirties, and an apparent stabilization of appropriations for employment activities since 1945 close to \$250,000,000. The total available funds for the Department of Labor are included at the bottom of the table, and show how small a part of the functions are now located in that Department. In 1949 comparison indicates a department restricted to statistical and regulatory functions, from which training, placement, and labor relations activities have been excluded.

Table XXVI, page 387, presents a functional classification of estimated expenditures, drawn from the Federal budget, using categories that are not strictly comparable with table XXV (particularly with respect to education and training). In this table the estimated expenditures for Government work and assistance programs and social security administration are included, to afford some idea of the relative size of employment functions compared with security and welfare.

TABLE XXV.—*Estimated appropriations for employment and industrial relations functions, by fiscal years, 1915-49*<sup>1</sup>

[In thousands of dollars]

Major function	1915	1920	1930	1940	1945	1948	1949
1. Research and information <sup>1</sup>	204	309	359	1, 012	3, 985	3, 473	4, 073
2. Vocational training, rehabilitation and guidance <sup>2</sup>		22, 050	3, 829	3, 865	95, 505	25, 587	32, 162
3. Employment offices		672	217	3, 480	82, 037	69, 043	4 207
4. Unemployment compensation				83, 050	35, 024	126, 304	196, 284
5. Regulation of employment conditions <sup>3</sup>				3, 783	4, 512	4, 647	5, 000
6. Promotion of labor standards		104	108	391	625	463	594
7. Labor disputes	300	246	422	3, 895	<sup>8</sup> 21, 546	9, 583	13, 353
8. General administration <sup>7</sup>	139	363	525	2, 375	2, 998	5, 136	1, 990
Total	643	23, 744	5, 460	101, 851	246, 232	244, 236	253, 663
Total Labor Department appropriations (estimated)	3, 600		<sup>8</sup> 10, 774	28, 669	<sup>9</sup> 69, 389	<sup>10</sup> 85, 306	14, 258

<sup>1</sup> Source: Estimates Division, Bureau of the Budget.

<sup>2</sup> Excludes employment statistical activities of Census Bureau, Bureau of Agricultural Economics, Interstate Commerce Commission, and Railroad Retirement Board.

<sup>3</sup> Excludes appropriations for Veterans' Administration, and includes only "trades and industries" part of the grants to States for vocational education.

<sup>4</sup> U. S. Employment Service appropriation merged with Bureau of Employment Security. The \$207,000 was for the Veterans' Reemployment Rights Division. In 1940, part of the unemployment compensation funds went to support State employment offices.

<sup>5</sup> Excludes industrial hygiene functions of U. S. Public Health Service and Bureau of Mines Inspection activities.

<sup>6</sup> Excludes war agencies other than National War Labor Board.

<sup>7</sup> Offices of the Secretary and Solicitor of Labor, plus departmental appropriations for travel and contingent expenses until 1949.

<sup>8</sup> Includes Immigration and Naturalization Bureau.

<sup>9</sup> Includes \$44,000,000 for Children's Bureau wartime EMIC program.

<sup>10</sup> Includes \$65,000,000 for U. S. Employment Service.

TABLE XXVI.—*Functional classification of estimated expenditures for employment, security, and welfare activities, 1947, 1948, 1949*<sup>1</sup>

[In thousands of dollars]

	1947	1948	1949
Employment functions:			
Labor information, statistics, and general administration	10, 713	8, 734	8, 216
Training and placement of workers	89, 283	71, 101	79, 190
Unemployment and accident compensation	91, 430	97, 292	101, 629
Mediation and regulation of employment conditions	19, 682	17, 432	22, 642
Subtotal, employment functions	211, 108	194, 559	211, 677
Security and welfare functions:			
Retirement and dependents' insurance	306, 093	766, 474	584, 280
Assistance to aged and special groups	738, 331	820, 102	894, 170
Work and direct relief	2, 965	7, 294	9, 802
Social Security Administration	8, 477	3, 956	3, 001
Subtotal, security and welfare	1, 055, 866	1, 597, 826	1, 491, 253
Grand total	1, 266, 974	1, 792, 385	1, 702, 930

<sup>1</sup> Source: U. S. Budget, 1949, pp. A25-26, A31-32.

Considering table XXV, it appears that by far the largest category in dollar terms is the item of grants to States covering 100 percent of the administrative costs for unemployment compensation and employment offices (the latter has been financed in large part by unemployment compensation funds since 1937, but not 100 percent until 1942). Next in size are the grants for vocational rehabilitation and education (veterans' rights and benefits are excluded). The statistical, promotional, and regulatory programs have always been com-



paratively small, none rising to as much as \$10,000,000 in toto except the labor disputes agencies during the war and after the passage of the Labor Management Relations Act of 1947. Clearly, the programs of greatest cost are grants to States and the programs of direct money payments and services.

Expenditures for administration (personal services, travel, and other contingent expenses) of employment functions approximated \$35,000,000 in fiscal year 1948, slightly less than 20 percent of the total for that year. Administrative expenditures of approximately \$15,000,000 constituted less than 1 percent of Federal expenditures for social security and public assistance. The relatively greater proportion of administrative costs in the employment field is due partly to the smaller amounts appropriated, but also to the fact that expenses for statistical, regulatory, and mediation functions fall practically 100 percent in the administrative category.

### Centrifugal Tendencies

Down to 1933 the employment and welfare functions of the Federal Government were fairly well centralized in the Department of Labor. The Bureau of Labor Statistics, the Children's Bureau, the Women's Bureau, covered the research and informational field; the United States Employment Service was responsible for the placement, if not the training and educational, activities; the United States Conciliation Service handled labor relations except those in the railroad industry. The expansion of Federal functions beginning in 1933 resulted in setting up many new agencies and action programs outside the Department. The work and relief programs for adults and youth were established independently; the National Labor Relations Board, the Social Security Board, and the Railroad Retirement Board were made independent agencies. From 1933 to 1938 the Labor Department was enlarged by the creation of a Division of Labor Standards by administrative order of the Secretary (1935), the Apprentice Training Service (1937), and the Wage and Hour and Public Contracts Division (1936 and 1938).

In 1939 a process of attrition began. The Bureau of Immigration and Naturalization, which had been in the Department since 1913, was transferred to the Department of Justice by Reorganization Plan No. 1 of 1939. The Employment Service was transferred to the Social Security Board at the same time, and though it was returned to the Department of Labor in 1945 by Executive order, it was again transferred to the Federal Security Agency in 1948, this time by Congress in the Labor-Federal Security Appropriation Act of 1949. The Children's Bureau, except for its child labor and youth employment functions, was transferred to the Federal Security Agency in 1946, and in 1947

the Conciliation Service was abolished and reestablished as an independent agency in the Federal Mediation and Conciliation Service. The wartime manpower, wage control and labor disputes agencies were created organizationally independent of the Department of Labor, although they relied to a great extent on its statistical, inspection, and conciliation branches.

Viewed in the perspective of 15 years, covering the depths of depression and peaks of war and full employment, it was perhaps inevitable that the emergency programs and novel functions should apply unusual methods, nongovernmental personnel, and departure from established departmental routines. In emergency situations it may be desirable to set up short-run, temporary agencies outside the regular departmental structure. However, the present situation has gone much further and longer than this. The process of removing from the Department functions falling naturally within the scope of industrial and employment relations, that has continued now for 10 years, requires careful reexamination. In modern industrial civilization, the complex of labor, employment, and social security functions of government are so important that it is impossible for the political legislature and chief executive properly to carry forward their policy-making responsibilities without a focus of administrative leadership and supervision over the operating programs in these fields. From the standpoint of orderly administration, the problem is one of division and combination, unless it be assumed that these functions should all be combined in one department, grouping health and education welfare and social insurance.

TABLE XXVII.—*Personnel, by bureaus, Department of Labor, fiscal years 1939-41, 1946-48 actual, 1949 estimated*<sup>1</sup>

	1939	1940	1941	1946	1947	1948	1949
Office of the Secretary.....	135	222	188	293	324	259	242
Office of the Solicitor.....	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	240	238	225	210
Bureau of Apprenticeship.....	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	296	462	490	492
Bureau of Labor Standards.....	87	80	245	128	136	81	74
Bureau of Labor Statistics.....	700	603	892	1,734	1,713	1,006	1,043
Wage and Hour Division.....	704	1,776	2,589	1,267	1,365	1,123	1,141
Women's Bureau.....	79	89	67	63	73	67	61
U. S. Employment Service.....	825	( <sup>1</sup> )	—	1,322	1,558	1,000	( <sup>2</sup> )
Bureau of Veterans' Reemployment Rights.....	—	—	—	—	—	81	44
Immigration and Naturalization Service.....	3,773	3,817	( <sup>7</sup> )	—	—	—	—
Children's Bureau.....	345	438	363	328	( <sup>5</sup> )	—	—
U. S. Conciliation Service.....	83	107	160	488	449	( <sup>5</sup> )	—
Retraining and Reemployment Rights Division.....	—	—	—	90	<sup>10</sup> 87	—	—
National Wage Stabilization Board.....	—	—	—	799	<sup>10</sup> 413	—	—
Total.....	6,731	7,132	4,524	7,048	6,818	4,332	3,307

<sup>1</sup> Source: Budget Office, Department of Labor.

<sup>2</sup> Not established as a separate entity—included in Secretary's Office, Wage and Hour Division, and Children's Bureau for those years.

<sup>3</sup> Not established as a separate entity. Included in the Division of Labor Standards in 1941 and prior years.

<sup>4</sup> Transferred to Social Security Board by Reorganization Plan No. 1, effective July 1, 1939.

<sup>5</sup> Does not include State and local office personnel paid from Employment Office Services and Facilities appropriation.

<sup>6</sup> Transferred to Federal Security Agency, effective July 1, 1948.

<sup>7</sup> Transferred to Department of Justice by Reorganization Plan No. 5, effective June 14, 1940.

<sup>8</sup> Transferred to Federal Security Agency by Reorganization Plan No. 3, effective July 16, 1946.

<sup>9</sup> Conciliation Service removed from Department, effective August 1947.

<sup>10</sup> Liquidated during 1947 fiscal year.

More than administrative considerations explain the centrifugal tendencies of the welfare, employment, and security agencies. One major factor has been the legislative mandate of the Department of Labor: "To foster, promote, and develop the welfare of the wage earners of the United States, to improve their working conditions, and to advance their opportunities for profitable employment." During all the agitation leading up to the creation of the Department in 1913, and ever since, this dedication of purpose has been interpreted widely as committing its administration to an irrevocable bias in favor of employees, and particularly of those employees who have joined labor organizations.

Organized labor has in many instances regarded the Department as its peculiar province and the Secretary of Labor as its representative in the President's cabinet. Employers and often substantial segments of the general public have shared this point of view. An opinion has existed that the Department could not be trusted to administer discretionary powers in fields involving controversies between management and labor. The very existence of these opinions has tended to prevent concentration in the Department of Labor of the activities of government designed specifically to advance the welfare of wage earners, even though the policies furthered by these activities have been adopted by the Congress.

A second factor in the dispersion of the employment functions is the emergence of the quasi-judicial board in the field of industrial relations. The National Labor Relations Board, covering disputes affecting interstate commerce generally, and the National Mediation Board in the field of railroad and air line transport are regarded as exercising judicial powers in the field of unfair labor practices and representation disputes, at least to the extent that adversary interests are keenly concerned that no single-headed administrative department should exercise control of any kind over the body deciding the issues. This fear of bias and political influence in single-headed departments responsible to the President underlies the development of independent regulatory tribunals primarily accountable to Congress and the courts.

Thirdly, operating administrative agencies, having tasted independence, do not look forward to being subordinated to a layer of departmental officials between them and the President or Congress. They enjoy the relative freedom of operation in carrying out their own special programs, without feeling too much responsibility for coordinating their policies with other agencies, or with outside groups upon whom the separate programs may be imposing conflicting obligations. Finally, labor organizations pay lip service to the idea of coordination of functions in a Labor Department, but are actually disturbed less by the dispersion of functions than by efforts to undermine and weaken them as separate programs.

All these factors help to explain the present scattering of Federal employment functions, plus the additional tendency of related security and welfare functions to draw employment agencies after them. Vocational education and rehabilitation, unemployment and old age security, and labor relations are all set up as independent functions, and then transferred to the Federal Security Agency, established in 1939. This process has resulted in a situation in which the FSA now includes a major segment of employment, along with health, education, and welfare functions. The major employment functions remaining in the Department of Labor constitute three sizable bureaus, the Bureau of Labor Statistics, the Wage and Hour Administration, and the Bureau of Apprenticeship. The Solicitor's office, the Bureau of Labor Standards, and the Women's Bureau together have less than 400 employees. Do these six agencies comprise a proper department? Should they be merged with other welfare programs in the Federal Security Agency? Or should a new concept and combination of functions be established which would provide emphasis and focus upon problems of the employed population, the labor market, and industrial relations separately from health, education, and welfare?

Before developing any proposals for meeting these problems, the principal areas of employment functions and their relations to health, education, and welfare programs will be examined.

## Chapter II

# STATISTICS OF EMPLOYMENT AND WORKING CONDITIONS

### General Purpose Statistics and Operating Statistics

It has been estimated that two dozen Federal agencies collect and analyze some kind of statistics on employment. Most of these are operating or regulatory agencies which collect employment information because it is essential to or a simple byproduct of their statutory duties. Thus the Civil Service Commission obtains and publishes figures on Federal employment, the Bureau of Mines for the mining industry, the armed services for their military and civilian employees, the Office of Education for the schools, the Interstate Commerce Commission for railroads under its jurisdiction, and the Bureau of Agricultural Economics on farm labor and farm wage rates. The United States Employment Service collects from its affiliated State employment services the number of placements they make, which together with the number of registrations filed by job seekers affords to a limited extent a national picture of employment seekers and jobs filled through its facilities. It is generally recognized that nothing is likely to be gained by transferring to a single statistical agency collection and analysis functions which are designed primarily with a view to planning and controlling an agency's specialized operating program.

The quarterly employer wage reports under the old-age and survival insurance and unemployment compensation systems comprise parts of operating programs, but insofar as they approach universality of coverage they constitute the most inclusive data available on employment by establishments in covered industries and occupations. The OASI data are centralized; the unemployment compensation reports are in the files of the State employment security agencies, where they may be utilized by agreement with them and the Federal Bureau of Employment Security. Under the latter's regulations the State agencies collect, tabulate, and report information on their programs to build the statistical series on a comparable basis for the report on the system as a whole. Some States use part of their grants for employment security administration to publish estimates of employment for the State, by industry and local labor market areas.

The Census Bureau and the Bureau of Labor Statistics are the two Federal agencies which collect employment statistics on what may be called a general-purpose basis. The Census Bureau, in connection with the constitutional requirement for a decennial census of population, obtains information on employment status of each person gainfully employed, his occupation, and industry of employment. The Census of Manufactures (biennial), the Census of Agriculture (quinquennial), and the irregular Census of Distribution also produce information on total employment and wages, by industrial classification and employment status. Since 1941 the Bureau has conducted monthly population surveys on a sample of from 25,000 to 30,000 households in 68 areas throughout the Nation to obtain national estimates of the number of men and women employed, unemployed, or not in the labor force, for the week containing the 8th of each month. From time to time, on its own initiative and at the request of other Federal agencies, supplementary questions are included on the questionnaire to secure information on such matters as school attendance, housing status and equipment, and cash wages of farm workers. The program currently operates at a level of \$1,300,000 annually.

The Bureau of Labor Statistics occupies what might be called the residual position in the employment statistics field. The statutory purpose of the Bureau is "to acquire and diffuse among the people of the United States useful information on subjects connected with labor, in the most general and comprehensive sense of that word, and especially upon its relation to capital, the hours of labor, the earnings of laboring men and women, and the means of promoting their material, social, intellectual, and moral prosperity."<sup>1</sup> Its formal employment statistics program consists of four activities:

1. In terms of cost, by far the largest is the monthly series of employment and pay rolls, hours worked, and average hourly and weekly earnings, by industry, based upon 125,000 employer or establishment reports, and collected in cooperation with some 30 State agencies.

2. Next in size are its occupational outlook studies, consisting of (a) surveys of the long-range employment prospects in occupations requiring planned preparation and training, (b) preparation of an Occupational Handbook for the Veterans' Administration containing a brief discussion of the trade, training requirements, and permanent prospects for employment in over 200 occupations, and (c) analyses of the effects of changes in the composition of the labor force on national labor supply, and of effects of economic factors affecting the national employment outlook (demand for labor).

3. A third program is the publication of monthly figures on hours, earnings and total employment in the construction industry.

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<sup>1</sup> Subsequent legislation has expanded the scope of the Bureau specifically to include employment. 25 Stat. 182; 37 Stat. 737; 46 Stat. 1019.

4. The fourth activity is to provide monthly estimates of labor turnover rates in selected industries.

The combined cost of these programs annually in 1948 was \$770,000, compared with a total appropriation for the Bureau of \$1,070,000. The Bureau also performs special studies for other agencies on somewhat of a "job-shop" basis, receiving from them on a working fund or reimbursable basis more than \$500,000 annually.

The residual character of the Bureau of Labor Statistics program is further exemplified in the wide range of studies, series and reports in labor statistics other than employment. These include monthly indexes of prices paid by consumers for major commodities and services; wage-rate surveys for key occupations in selected industries and cities; reports on strikes, work stoppages, and analyses of collective-bargaining agreements; volume of construction expenditures nationally, building permits issued and housing units started; annual indexes of productivity and changes of man-hours per unit of product, by industry; studies of causes and rates of industrial accidents; and analyses of reports on labor conditions in foreign countries.

## **Intersecting Programs of Employment Statistics**

### **POPULATION SAMPLING AND EMPLOYER REPORTING**

The Census Bureau's monthly Report on the Labor Force (sometimes called Current Population Surveys) is a descendant of the sample surveys project undertaken by the Works Progress Administration when during the 1930's it was discovered that no adequate current information existed as to the amount of unemployment among individuals or households in the Nation. This operation was transferred by Executive order to the Bureau of the Census in 1941, where it was envisaged as a logical extension of the decennial enumeration into the current reporting field. Here the over-all concept of the labor force was developed, and made the basis for obtaining estimates not only of the employed, but the unemployed parts of the population's supply of manpower. It was also realized that a population sampling operation of this kind would give the Government the benefits of a Gallup poll of its own, not so much for reporting political opinion trends as for securing information of a socioeconomic character useful to practically all domestic agencies concerned with fiscal, economic, or welfare affairs.

Based upon a sample of households in the population, and including employment as well as unemployment, the Census Bureau's new series is more inclusive than the Bureau of Labor Statistics' employment index based upon a sample of employing establishments. The size of the sample and the source of information (housewives) prevent its use for

producing information on employment by industries, or by localities and States without costly expansion, but it has become the primary source of information on the entire national labor force (supply). It could not be consolidated with the Bureau of Labor Statistics project because it is based on a different concept and collected by a different procedure. For the same reasons it is not a substitute for the Bureau of Labor Statistics series, but it raises problems of coordination which the Bureau of Labor Statistics was not slow to perceive. The Secretary of Labor has suggested at least three times the transfer of the project to the Department of Labor, in order to (1) avoid conflicts between the two series and assuring that they will be reconciled before publication, (2) centralize responsibility for the collection and reporting information on the volume and trend of employment, and (3) keep employment and labor functions grouped together for purposes of organizational responsibility and symmetry.

To these suggestions, the Department of Commerce has replied that the operation is a part of its unquestioned jurisdiction in the field of population research; that the project benefits from and in turn benefits the work of the Bureau's sampling experts in other lines of statistical research; and, very importantly, that the current population surveys are used to collect social and economic data that has nothing to do with employment or labor information. In these contentions the Census Bureau has been upheld by the Division of Statistical Standards in the Bureau of the Budget, which, since its establishment in 1939 and particularly since the passage of the Federal Reports Act of 1942, has exercised a general supervisory and coordinating function with respect to Federal statistical activities.

It seems to be generally agreed that the current population reports have to do with more than employment or labor information, and that if they were transferred to the Department of Labor they would have to be conducted separately so far as a collection and analysis are concerned. Probably no significant financial savings would be realized if consolidation is not feasible. The two activities serve different statistical purposes and each appears to be justified in its own right. From the standpoint of method, there is clearly a lesser degree of affinity to the employment statistics of the Labor Department than to the population statistics of the Commerce Department. To date no dramatic instances of conflict in the estimates of employment issued by the two agencies have received public notice, partly perhaps because the Bureau of Labor Statistics estimates are published in the Monthly Labor Review from 2 to 3 months later than the Report on the Labor Force. The labor force figures are made available by the Census Bureau to the Bureau of Labor Statistics for analysis and interpretation. The Budget Bureau is on the alert to assist in working out any interagency disputes that may arise. In short, there seems to be no



pressing problem of a statistical or operating nature that requires coordination by means of transferring the operation to the Labor Department. In the longer run, however, if the population surveys were in the future to be expanded to enable the Census Bureau to make local and industrial break-downs of its data, it would then in effect be competing with the Bureau of Labor Statistics in the exercise of the latter's statutory function. From an organization standpoint, as long as the present conception of the two departments and bureaus remain, the apparent violation of major-purpose symmetry with respect to subject-matter (employment) is outweighed by the advantages of the project's present connection with population statistics as to method and purpose of collection. The principal unsettled matter in dispute is the control of release for publication, and this question can be settled through the Executive Office of the President.

#### CURRENT SAMPLING AND COMPULSORY REPORTING OF EMPLOYMENT

Enactment of the Social Security Act in 1935 provided, at least potentially, almost a complete census of employers and employment, because of the necessity of securing information from employing establishments on the workers and pay rolls subject to Federal and State taxes. The provisions of the State unemployment compensation laws, however, prevent the substitution of employer reports under them for the Bureau of Labor Statistics monthly series. The State laws vary as to the size of employing establishments subject to coverage; the reports are made quarterly; and the information is usually not available until 4 months after the end of the reporting quarter. Neither the States nor the Bureau of Employment Security have felt it necessary to spend the money required to make the tabulations available sooner. Strong sentiment exists in several States to reduce the frequency of employer reports to once or twice a year and to rely upon separation reports as the basis for determining eligibility for and the amount of benefits.

There are also limitations upon the usability of the Federal old age and survivors insurance data for current employment statistics reporting. The data are only for the last month in each quarter, are tabulated for only 1 month in each year, and become available usually about 1 year after the data on State-covered employment under unemployment compensation. The practical use, therefore, that has been made of the old age and survivors insurance and State employer reports by the Bureau of Labor Statistics has been to provide benchmarks, or total figures, on employment by establishments, by which to improve the statistical reliability of the monthly sample. To this end, cooperative relations have been established and maintained between the Bureau of Labor Statistics and the two social security agencies.

The present arrangement under which the Bureau of Labor Statistics secures its employment statistics is to rely upon voluntary, direct employer returns of the Bureau of Labor Statistics schedules, except in 10 States (California, Illinois, Massachusetts, Montana, New Jersey, New York, Pennsylvania, Texas, Utah, and Wisconsin), where the State employment statistics agency uses forms similar to the Bureau of Labor Statistics and takes over the collection job (including the entire contact with the employer), simply sending copies of the schedule on the Bureau of Labor Statistics when they have taken off the information for their purposes.

A plan has been worked out under the sponsorship of the Budget Bureau for fully utilizing the State unemployment compensation reports and integrating them with the current Bureau of Labor Statistics' sample to obtain State employment estimates. Briefly, this plan calls for two steps. First, the Bureau of Labor Statistics would receive an appropriation for the purpose of reimbursing the States for the cost of personal services engaged in collecting and processing schedules prescribed by the Bureau of Labor Statistics and voluntarily submitted by employers to the State agency each month. (The size of the necessary appropriation was estimated at \$300,000 for 1949, but this was not approved by the House Appropriations Committee.) The staff hired by State agencies through these enabling funds would permit the remaining 38 State agencies to assume the collection function already handled by the 10 named above; the report to the Bureau of Labor Statistics by the employer could be eliminated; and, if adequate employer cooperation with the State agency were forthcoming, a series of State estimates could be obtained within a month after the reporting date.

The second step calls for processing of the quarterly employer reports under unemployment compensation so that the classification of establishments is the same for the State and national series. (This work has been financed in the past by grants to the State by employment security agencies by the Bureau of Employment Security from title III funds under the Social Security Act, amounting in 1948 to \$246,000 and projected in 1949 at \$68,000 on the assumption that the Bureau of Labor Statistics would receive the \$300,000.)

As the situation now stands, the Bureau of Labor Statistics continues to publish its national employment estimates relying upon State agencies in 10 States where the statistical work has been developed enough to meet the Bureau of Labor Statistics' standards and upon direct employer returns elsewhere. The Bureau has a cooperative arrangement with the Bureau of Old Age and Survivors Insurance and Bureau of Employment Security whereby it seeks to relate its estimates to the total employment reported by covered establishments. Limitations of the data reported under the Federal old age and surviv-

ors insurance and State unemployment compensation laws prevents their use as a substitute for the Bureau of Labor Statistics' monthly estimates, but under a series of cooperative interagency arrangements the information in the hands of the State agencies could be processed and developed as a basis for monthly employment estimates by the States as well as for the national Bureau of Labor Statistics series. The Bureau of Employment Security is not primarily a statistical agency, its main function being the supervision and review of State laws, policies, and financial operations, rather than in research and statistics of general economic interest. Nevertheless, it is the appropriate agent through which Federal funds to encourage adequate State statistical services should be administered. The prospects of statistical coordination and of the appropriate fiscal arrangement with the States would be improved and simplified if the two social insurance agencies, and Bureau of Employment Security in particular, were in the same Federal department as the Bureau of Labor Statistics.

#### LABOR MARKET INFORMATION

The operating reports of local and State employment offices to the United States Employment Service supplement the Bureau of Labor Statistics' estimates of employment by indicating trends in the size of the job-seeking portion of the labor force on a local, State, or national basis, as desired. Since the advent of unemployment compensation, the number of active job applicants at local employment offices is perhaps as close a count of actual job seekers as can be obtained. From the standpoint of employment statistics, however, the variation in State law coverage coupled with the normal limit on employers of eight or more workers means that the count is far from universal. Further, the distribution of skill in these registrations is not representative of the labor force either locally or for the country as a whole. Nevertheless, compared with the reports of claims payments and job orders received from employers, these figures provide the most concrete short-run picture of the labor market available within the over-all labor force estimates of the Census Bureau. However, as long as employers file only a small proportion of their labor requirements with the local offices, the picture of labor demand will remain less than satisfactory.

The job application and claim load reports derived from the State employment security agencies are primarily administrative tools, and are not reliable for research purposes. Nevertheless as such they contribute to the formulation of the national economic assumptions upon which forecasts of tax collections and benefit disbursements are made preparatory to formulating the annual program and budget requirements of the State employment security agencies. In terms of their fiscal impact upon purchasing power, they are also followed by the

Council of Economic Advisers in preparing annual and semiannual economic reports for submission by the President to Congress.

The active applicant and job-order files in local employment offices have their greatest potential usefulness in providing information about labor supply and demand in local labor-market areas. During the war, when practically all hiring was channeled through local employment offices, the Employment Service reports became the basis upon which labor market areas were classified as shortage, tight, or surplus, and thus provided (particularly after September 1943) the information upon which local area manpower production urgency committees instituted plant employment ceilings, allocated labor, and recommended cancellation or shifting of procurement contracts. When the wartime controls were relaxed or removed, the reliability of this information as a basis for employment estimates, even on a local basis, was impaired, but it remains as the major source of information about local labor supply and as a measure of operating accomplishment and as an instrument of administrative supervision.

The voluntary system of employer filing job orders, and the uncertainty attaching to the accumulation of placements reported by local and State employment offices, means that the Employment Service and Employment Security Agency operating statistics cannot be relied upon to yield adequate information concerning actual employment. They are unreliable for practically all research purposes. The Employment Service statistical program should be restricted to the level consistent with operating requirements in local labor market areas, and not expanded to compete with the Bureau of Labor Statistics in the national field, or with the Bureau of Labor Statistics—State Employment Security Agency cooperative plan in the field of State employment estimates.

The role of the Bureau of Old Age and Survivors' Insurance in the employment statistics field remains indeterminate—an open question. Its employer wage reports approach as nearly universal coverage as can be obtained, although the law at present does not include all categories of employment. It is a Federal operation, and there is no incentive on its part to provide State estimates. As stated above, its information is secured for only the last month in each quarter, is tabulated for only 1 month in each year, and it becomes available only about a year later than the State reports on covered employment under unemployment compensation. The amount of money it would take to develop the appropriate sample and make the necessary tabulations available on a current basis is unknown. There is an unsettled question as to whether employer wage reports or some form of employee stamp book will ultimately become the evidence of right to old-age insurance benefits. Under the circumstances, it seems best to rely

upon the Bureau of Labor Statistics-State Employment Security arrangement described above. Again, however, if the Bureau of Old Age and Survivors' Insurance and the Bureau of Labor Statistics were in the same over-all department, the planning and estimating work necessary to any primary reliance upon the former's information as the basis for employment statistics would probably be greatly facilitated.

#### OCCUPATIONAL OUTLOOK STUDIES

The Bureau of Labor Statistics, the United States Employment Service, and the Women's Bureau are all engaged in surveying employment prospects and opportunities for selected groups and occupations. The Veterans' Administration, the United States Office of Education, and the State educational and guidance agencies are important consumers of such information. By and large, an acceptable division of labor on the basis of sex has been worked out between the Bureau of Labor Statistics and the Women's Bureau, and necessary overlappings have been taken care of by letting the Bureau of Labor Statistics do the collection work in all but special research projects. With respect to the Employment Service, however, a very uncertain line of demarcation has been drawn, with the long-range occupational outlook field going to the Bureau of Labor Statistics and the short-range studies being performed by the Employment Service. The latter publishes two major types of outlook information.

A monthly publication, *The Labor Market*, summarizes the operating statistics and reports from the State and local offices, with special reports from time to time on the employment trends in selected localities, industries, occupations, or groups such as veterans or handicapped workers. Some of this material is prepared and written by the Bureau of Labor Statistics, and a useful publication has resulted. The Service also produces special studies of the employment outlook in particular industries, nationally and by localities. The justification for this type of information is that it is more useful to industry and school vocational counsellors than the long-range reports of the Bureau of Labor Statistics. On the whole, it would appear desirable to keep the Employment Service out of the research field and to concentrate its statistical energies upon the analysis and build-up of labor-market information on the local area basis. The Employment Service should stimulate the Bureau of Labor Statistics to plan and present its specific outlook studies in the light of the needs of vocational guidance counsellors. In this capacity it would join the Veterans' Administration and the Office of Education as advisers and consumers of the Bureau of Labor Statistics research.

## Conclusions

1. The complexity of legislation and interagency relationships affecting employment statistics both on the Federal and State level is such that coordination cannot be achieved by a single act of legislation or administrative reorganization. It is a continuing process. Responsibility for this function is properly placed on the Division of Statistical Standards in the Bureau of the Budget, acting in consultation with the Federal agencies and appropriate representatives of the State agencies concerned.

2. From an operating standpoint, much would be gained if the Bureau of Labor Statistics, the Bureau of Employment Security, and Bureau of Old Age and Survivors' Insurance were placed within the same Federal department for purposes of interchanging information and working out the appropriate division of labor between operating agencies and general economic research in the employment statistics field. Relations with the States would be facilitated by reducing the spread and number of channels through which the latter have to deal. Perhaps the most productive result of such departmental supervision and coordination would be the prospective agreement on amendatory legislation whereby the conflicts in present legislative coverage might be removed, and the desirable division of labor at the Federal level and in Federal-State relationships could be implemented.

3. So far as reporting of employment by establishments is concerned, distinction should be made between the operating statistics of the Bureau of Employment Security (including the U. S. Employment Service) and the general statistical functions of the Bureau of Labor Statistics. Reports designed for operating purposes are not in general reliable tools for employment statistics, and the employer reports to the State agencies are not readily adaptable on a current basis for general employment statistics. When the variation in State legislation is taken into account, it seems desirable to rely upon the State Employment Security Agency to collect employer reports subject to the Bureau of Labor Statistics supervision with respect to the sample, the development and use of the bench mark, and the form of the schedule. Necessary contacts with the State agencies, and any Federal financial support for the State statistical operations, should be coordinated by and, to the extent necessary, channeled through the Bureau of Employment Security. The Bureau of Employment Security should not establish a general research jurisdiction in the field of employment statistics. No recommendation is made herein with respect to expansion of the present Federal employment statistics program, but it may be mentioned that the recommendation just made as to organizational responsibility provides a flexible pattern compatible with the extension or dominance of the establishment reporting into the field of State employment estimates.

4. No study has been made, and no recommendations are submitted, with respect to the reporting requirements imposed by the Bureau of Employment Security upon the States.

5. Apart from the question of jurisdictional conflict, there seems to be no compelling reason why the employment statistics produced by the Census Bureau through its population sampling procedures should be transferred to the same department dealing with employment relations and direct employer reports. A potential question may be involved as to whether establishment reporting should be continued as the basis for employment estimates if the Census Bureau is allowed to expand its sample to enable it to secure reliable employment estimates on a local or State basis (this has already been recommended by a staff study of the joint congressional committee on the economic report.) However, as long as the Census Bureau relies upon information given by housewives, it will presumably be some time before the Census Bureau will be able to publish reliable employment estimates by occupations, industries, or States.

6. The Employment Service should not be relied upon to collect general employment statistics. Assuming continuation of the voluntary system of filing job orders by employers, and the unrepresentative distribution of skills in the file of job applicants, the Service should restrict its statistical forms and requirements to administrative rather than general research purposes.

7. In the occupational outlook field at the Federal level, the Bureau of Labor Statistics should be recognized as having primary jurisdiction in making studies of occupational opportunity on a national basis, sharing this function on a cooperative basis with the Women's Bureau. The special Nation-wide industry studies of the United States Employment Service should be transferred to the Bureau of Labor Statistics, and the Service should restrict its economic research to local labor market areas and to the short-run analysis of the labor market that it can build up from its normal operating reports from State agencies. There should be a more cooperative relationship between the two agencies, particularly in the occupational outlook and employment statistics fields, and the Bureau of Labor Statistics studies should be designed so as to be useful for employment guidance and counseling interviewers in local employment offices. These inter-relationships clearly suggest the advisability of placing the two agencies within the same department.

## **Chapter III**

# **EDUCATION AND TRAINING FOR EMPLOYMENT**

### **Introduction**

In the United States the principal Federal function with respect to vocational training has never been administered by the employment or labor departments. The Smith-Hughes Act of 1917, providing for grants to the States in aid of vocational education, including training of workers and teacher training in agriculture, home economics, trades and industries, and distributive occupations, established an independent Federal Board of Vocational Education. The Board was composed of four Government officials (the Secretaries of Commerce, Labor, and Agriculture, and the Commissioner of Education) and three citizens representing agricultural, business, and labor interests. The Board was abolished in 1933, and the administration of grants transferred to the United States Office of Education (first in the Interior Department, and since 1939 in the Federal Security Agency).

Regardless of administrative changes at the Federal level, a consistent pattern of Federal-State relationships has been established throughout this period, now consisting of a direct line from the United States Office of Education to the State Director of Vocational Education or Supervisor of Trade and Industrial Education, who, under a Board of Vocational Education, allots funds within the States to the local school systems. The George-Deen Act of 1936 and George-Barden Act of 1946, under which the funds made available for grants were increased from less than \$2,000,000 in 1918 to almost \$20,000,000 in 1948, reflect a strong sentiment in the States for continuing the administration of vocational training through the State and local school systems. The wartime program of vocational training for war production workers, under which more than 4,000,000 persons were trained and retrained, was administered through this arrangement.

Under the George-Barden Act of 1946, the amount authorized for trades and industrial education annually is \$8,243,150, distributed in proportion that the nonfarm population of each State bears to the total population of the United States and its Territories. Fifty percent of Federal funds must be matched by the States until 1951; the matching requirement is then increased by 10 percent annually until 1956,



whereafter the States must match the Federal grant 100 percent. The 1946 law also included for vocational guidance an authorization of \$1,500,000, to be distributed on the same basis as grants for industrial education. In 1947 the Federal expenditure for vocational training in trades and industries was approximately \$7,325,000, providing for 727,900 enrollees.

Since 1920, Federal funds have been available to State boards of vocational rehabilitation to assist in the vocational adjustment of handicapped or disabled workers. This program has increased to a level of \$18,000,000 in 1948 and 1949, but it is estimated that only about one-ninth of this amount goes for educational training. The larger portion provides for administrative costs, medical examinations and treatment, appliances and tools, transportation and maintenance.

The Office of Vocational Rehabilitation was formerly a part of the Office of Education, but Public Law 113, Seventy-eighth Congress (1943), assigned the functions of certifying eligibility of States for grants for vocational rehabilitation under approved State plans to the Federal Security Administrator, who has delegated them to the Office of Vocational Rehabilitation with separate bureau status. The statutory formula for disbursing funds to States provides that the Federal Government shall meet (1) 100 percent of the costs of administration, guidance, and placement (apparently as reported by the States), (2) 100 percent of the costs for providing services to war-disabled civilians, and (3) 50 percent of the costs of designated medical and training services. The States closed some 113,000 cases in 1947, of which approximately 44,000, or roughly 30 percent, were closed as employed.

The Apprentice Training Service in the Department of Labor was established pursuant to a congressional act of 1937 (Public Law 308, 75th Cong.), authorizing the Secretary of Labor to formulate and promote standards of apprenticeship, to encourage employers and labor organizations to set up apprenticeship programs, and to cooperate with State agencies to these ends. In 1948, 30 States had by law or gubernatorial action set up State apprenticeship councils. The Service both works through the States by advice and stimulation (no funds are available for grants), and also conducts direct local promotional campaigns through its own staff permanently stationed in the field. Over 5,500 local apprenticeship committees have been established. The program has expanded rapidly since the end of the war, the number of registered apprentices increasing from 22,000 in 1944 to almost 200,000 in 1947. The turn-over rate among apprentices is always high, and is estimated at approximately 35 to 40 percent. The annual appropriation for the Service in 1948 and 1949 has leveled off at about \$2,400,000.

Of these three major programs, the two largest in point of size have always been outside the employment agency, and there has apparently

never been any strong sentiment or pressing administrative reasons requiring their inclusion in the same agency. Organized labor has long accepted the fact that primary responsibility for free public education and vocational education in the United States is vested in State and local agencies, restricting its claims for recognition to demands for labor representation upon administrative school boards, with the twin objectives of maintaining adequate programs and preventing distortion of curriculum content. The American Federation of Labor, at its annual conventions during the 5 years following abolition of the Federal Board of Vocational Education in 1933, repeatedly attacked the elimination of the statutory requirement for authoritative labor representation in connection with the Federal Office of Education. Its lack of success in securing such recognition, plus its growing belief that the schools have failed to meet the educational requirements of the millions of workers who have never completed grade and high school have resulted in demands for corrective action. These trends and sentiments are reflected in the introduction of bills into the Eightieth Congress for a Labor Extension Service to meet the demand for adequate education for the adult wage-earning population, with the added conditions that grants for workers' education be administered on the Federal level by the Department of Labor and in the States by representative boards of school administrators and organized labor outside the existing departments of education and vocational training.

At present, however, the three Federal bureaus directly concerned with employment training have reached a relatively noncontroversial stage of administrative development. The Offices of Education and Vocational Rehabilitation review and approve State agencies and plans as a condition for receipt of Federal funds upon established practices in educational administration; the Apprentice Training Service formulates standards of apprentice training in industry and encourages State and local apprenticeship councils to collaborate with employers in setting up programs in conformity with these approved and tested standards. Over and above auditing the States' expenditure of funds (by the first two agencies), all three are continuously engaged in study and evaluation of the operation of existing plans and agencies, in publishing statistical and qualitative analyses in the form of bulletins and guides reporting the results of experience and exchange of ideas, in collaborating with professional organizations of administrators, teachers, and with employer and labor organizations. By and large, the agencies function through separate State, local, and industrial clientele groupings. The principal overlappings occur in the field of occupational outlook and guidance, in the placement of handicapped workers by State rehabilitation agencies, and in the utilization of vocational schools as a required part of the federally approved program of apprentice training.

## Analysis of Employment Training Programs

The major areas of employment training may be arbitrarily distinguished as: (1) Occupational outlook, (2) vocational guidance and counseling, (3) vocational education in the schools, (4) vocational training in industry, and (5) adult education. This framework is useful in pointing up the major problems of program and organization.

### OCCUPATIONAL OUTLOOK

Training for employment should be based upon some preliminary estimate of employment opportunities in the field of the individual's preferences and aptitudes. It must also be predicated upon some fairly uniform terminology and understanding of the trades and skills for which training is to be given. These requirements involve the collaboration of the employer, the worker, the schools, and the employment office. The employer, the worker, and the employment office must use approximately the same terms to describe the job classification and the qualifications the worker must possess in order to lay claim to an occupational title. The schools should have some appreciation of these skills and the demand for them in setting up training programs, lest they train surplus numbers in unwanted skills for non-existent jobs. Estimates of employment opportunity also must be based upon a common understanding of the nature of the occupation, or groups of occupations, the conditions of work associated with the job, and the character of the necessary preparation to gain the skill required, in order to calculate the numbers employed, the trend, and the prospective entrants for each occupation or trade.

The basic research in industrial processes and terminology necessary for developing a standard occupational classification has been performed by the national United States Employment Service staff. This work is embodied in a Dictionary of Occupational Titles. Containing over 20,000 distinct occupations, it is far too detailed for most educational programs outside the plant or shop. The list of "apprenticeable occupations" developed by the Federal Committee on Apprenticeship for industry and local apprentice committee use was, however, closely linked to the dictionary titles. The school programs quite properly use even broader classifications for purposes of vocational preparation, sometimes using a term as broad as an industry, for example, textile occupations, woodworking occupations, radio repairing, auto repairing. Other occupations may cut across industries, such as machinist, welder, printer.

The basic planning for vocational training programs is not a single agency operation. Research on industrial tasks and processes is an appropriate part of the screening (selection and referral) work of the

employment service, and must be adapted by the school administrators for their respective purposes and standards. The long-run national employment outlook, as a problem of economic and industrial research, is handled by two Labor Department bureaus, the Bureau of Labor Statistics and the Women's Bureau. Research guides and bibliographies are developed by the Office of Education in cooperation with the Federal labor agencies for the use of the States. Local apprenticeship and school programs should be developed in close collaboration with the local employment office to avoid wasteful loss of students' time and energy. There is an outstanding challenge for local training programs to dovetail their work into the needs of industry and the placement experience of the employment service.

#### VOCATIONAL GUIDANCE AND COUNSELING

Inclusion of \$1,500,000 for guidance work in the Vocational Education Act of 1946 reflects the widespread recognition today that proper provision for enabling the student to think and choose for himself in selecting his working career is a necessary part of every good school program. Such provision includes the development and administration of interest and aptitude tests, the stimulation of personal concern on the part of the individual about his future in terms of a recognition of the relation between abilities and preferences, and the development of a sense of social purpose and contribution. This process must, of course, be related to an awareness of areas and trends in vocational opportunity. Many children pass through or leave public school without conscious exposure to this phase of the formal educational process, and the employment service has developed a guidance program for out-of-school youth and older workers to meet problems of vocational adjustment arising at later stages in life.

The national office of the United States Employment Service has developed tests for measuring vocational aptitude among job applicants in connection with its work of selecting and referring qualified registrants to job openings. There is little evidence that either the Employment Service or the Office of Education in Washington, or their counterparts in the States, are interfering with each other or becoming involved in jurisdictional claims. There is a job to be done and a proper focus of emphasis for each in the distinction between the in-school and out-of-school population. What has come to attention as the source of greater actual ineffectiveness and harm is the lack of cooperative contact and activity between the school guidance officers and the employment office interviewers and counselors. On the national level where, aside from administration of grants, the problem is one of testing and technique development, location in different departments has not been an obstacle to collaboration between the Employment Service and the Office of Education.

During the 10 years from 1938 to 1947, enrollment in regular State trades and industrial education classes (excluding the vocational training for war production workers program) ranged from 543,000 to 850,000. The 7 million to 8 million dollars of Federal funds for training and industrial education goes for administrative salaries, physical facilities, and teacher training, as well as direct costs attributable to student instruction. This part of the present report is not concerned with the questions of the proper size and relation of the vocational education program to the rest of the educational program of the States. This subject is covered in the part dealing with education.

Trades and industrial education consists of four major types of classes:

1. *Evening trade extension*.—Supplementary training for workers desiring to improve or increase their daily vocational knowledge.

2. *All-day trade preparatory*.—Instruction of a general character designed to prepare youth of 14 years or over for manipulative skills and related subjects.

3. *Part-time trade preparatory and continuation*.—Training to increase civic and vocational intelligence of youth who have left full-time school and seek training other than in occupation in which employed.

4. *Part-time trade extension*.—Training for youth who have left full-time school and seek to extend their knowledge in the trade in which employed.

From the standpoint of the Employment Service and Labor Department, the principal concern with vocational education in the schools is the standards affecting employment relationships that are observed in the administration of vocational training. The age at which youth are permitted to drop general schooling and begin specific job preparation is one such problem. The Employment Service is not an enforcement agency, but it is influenced by the local standards as well as State and National policies with respect to the education and employment of child labor. Should the local office refer youth from 14 to 17 years of age in response to employer requests when its active file contains older workers perhaps with family responsibilities and better fitted for the job specifications submitted? Should schools continue to establish instruction in specific trades for 14 to 16 age children before they have completed their broader education? At present, the Fair Labor Standards Act permits employment of minors from 14 to 18 under regulations and specific exemptions by the administrator of the law (formerly the Chief of the Children's Bureau), so the legal

situation now varies with State law and local industry practice with respect to the entrance age for employment. One proposal for dealing with this problem has been advanced by which a provision would be inserted in the Federal law and State plans that a minimum age of 17 be established for enrollment in any type of preparatory instruction for a specific trade or occupation, with school authorities being made responsible for its enforcement and with compulsory age records open to public and Labor Department inspection. Precedent for giving school officials authority to issue age certificates already exists in several States under procedures worked out by the Children's Bureau and Wage-Hour Administration.

Another problem of standards concerns the practice in some States of permitting vocational training programs to be established inside factories or shops that are really production lines, with the products going into commercial trade channels. A provision of the Federal law states that "no part of the appropriations herein authorized shall be expended in industrial plant-training programs, except such industrial plant-training be bona fide vocational training, and not a device to utilize the services of vocational trainees for private profit." The proviso, with enforcement left to local school authorities, leaves the determination of "bona fide vocational training" open to local pressures and practices. Here again the legal situation becomes indeterminate in the presence of conflict between local custom, local and industry-wide standards of business competition, strong or weak union agreements, and the lack of consensus concerning broader public policies with respect to employment training and the composition of the labor force.

Apprehension that vocational education in the schools will dilute and degrade genuine skilled craftsmanship is probably unfounded as long as both employers and unions maintain their standards of skill, and are willing to collaborate with a public apprenticeship agency in safeguarding agreed-upon standards for issuing certificates of apprenticeship. Long-established experience in advanced industrial States has shown that economic and vocational interests in maintaining standards are complementary here through the continuing intermediary of joint agreement and neutral administration. Vocational education in the schools cannot provide a substitute for training in industry under the supervision of skilled craftsmen; the motives and behavior patterns of student in each are different and easily detectable. The public interest here seems to consist in not merging the identities of vocational training and apprenticeship. There is, furthermore, no evidence of employer or union attacks on the principle of vocational education itself; criticisms for the most part are directed either at the failure to visualize vocational training in the proper sense, or at the inadequacy of facilities or available personnel.

The interest of employment agencies in standards of vocational school training clearly does not require administration of education by the general employment or labor department. Demands for such consolidation are not pressing, and they seem to emerge primarily as resultants from alleged blindness or deafness of educational administrators to desires of working people and to employment or labor standards that appear to deserve serious consideration. If our public schools did achieve a hard-and-fast distinction between general and vocational education, there might be a better case for transferring the latter to the employment department, but there is little indication of an early change in the traditional identification of "learning and labor" in our local public educational system. Only in the event of a major reorientation in policy or program would it seem desirable to disrupt established professional and administrative relationships by transfer at the Federal level.

#### VOCATIONAL TRAINING IN INDUSTRY

The Office of Vocational Rehabilitation in 1947 assisted the States to place upwards of 40,000 rehabilitated workers in remunerative employment. As already mentioned, only a minor portion of its funds are expended for direct employment or placement activities, but in a sense the major purpose of all medical and training attention is focused upon an ultimate satisfactory employment relationship for the disabled or handicapped worker. This orientation brings the Office of Vocational Rehabilitation, and its State counterpart, into immediate relationship with the Employment Service and its affiliated State services, which have a comprehensive knowledge and jurisdiction over the labor market and employment opportunities therein which it is important to maintain and expand. From this standpoint the handicapped compose a special group of potential workers whose employment prospects should be merged with, not separated from, those of veterans, women, racial minorities, youth, and elderly job seekers. Special employer contacts are usually necessary for the handicapped, but this does not justify splitting the group off for placement purposes. In the aftermath of war special attention is properly given to the needs of war disabled veterans, but in the normal course of events the emphasis upon placement indicates increasing collaboration with the agency containing the employment service. Since medical and training services constitute large segments of the program, fiscally speaking, there are definite relations with the health and educational agencies, but as the program sheds its welfare garments and becomes established as an economically practicable source of labor supply, upon which the disabled, their counselors, and employers may rely, necessity of coordination within the same department as the Employment Service is paramount.

The training program which typifies the primary role of industry in vocational preparation is apprenticeship. Production operations have to be learned on the job, perhaps even after years of vocational school, but most of these can be acquired in a matter of weeks. Even before the war many employers had begun to realize the effects of immigration laws in cutting down the skilled craftsmen coming from Europe, and the results of mass production and union policies in reducing the number of workers with a high degree of skill and understanding of technical industrial processes. True craft skill includes an attitude of mind and physical habit toward a calling as well as mechanical aptitude, and these are acquired only after long application to the many aspects of the trade under supervision of craftsmen who have mastered the process themselves. Guidance on the job and promotion through stages of increasing difficulty and responsibility is necessary, with oversight to insure that the training process is well-rounded and not subverted to the temporary allurements of high wages on production work. Supplementation of on-the-job training with general knowledge of industrial history and craft technology in night and part-time school is a feature of most programs, and the joint interest of employer and union must be enlisted in maintaining apprenticeship standards not merely for the welfare of the trainee but for the long-run productivity of industry. Finally, governmental supervision is necessary to protect apprenticeship programs against exploitation, and to assure unions that their agreement to a higher number of apprentices to be trained will not be abused.

The 1937 law authorizing the Secretary of Labor to initiate and promote apprenticeship specifically contemplated such action through the joint action of employer and labor organizations, and it is these contacts both nationally and in local communities that occupy the major attention of the Apprentice Training Service rather than simply encouraging, reviewing, and approving the work of State apprenticeship councils. Absence of Federal funds for grant-in-aid purposes, or of sustained attention by full-time State personnel, has reinforced this tendency as a matter of administrative policy. In this situation the States have not been stimulated to act vigorously or to appropriate necessary funds to take over the work begun by the Federal Government. Some 30 States and Territories have established apprenticeship agencies and councils, but excepting some 10 States where vigorous programs are under way, initiative and active responsibility have remained with the Federal service. Even in these States the Apprentice Training Service has maintained staffs as large or larger than those maintained by State funds. From an operating standpoint, the insistence of the Service in working in all directions, to national organizations of industry and labor, to the



States, and directly to the local community, has resulted in internal administrative difficulties and, on some occasions, in friction at State and local levels. These problems have not prevented the Service from establishing good relationships on the whole with employers and labor, a situation that has been reflected in Congress appropriating for the most part the funds requested by the agency and the President.

The principal interagency problem of the Apprentice Training Service lies in the vocational education side of the program, where it is reported unofficially that 30 percent of the registered apprentices have not received the supplemental training of 144 hours per year of related classroom instruction. This situation arises, it is said, because the schools have lacked the necessary facilities and personnel to provide the training required for the programs established by the Service. The present investigation has not ascertained the facts through actual field inquiries, but something would appear to be wrong either in local planning and coordination, or in the apportionment within the States of vocational-training funds.

The Veterans Administration has been much interested in apprenticeship, and several interagency arrangements have been worked out whereby veterans' allowances have been made available for time spent on apprentice training. State educational agencies certify individuals under training; State and local councils have permitted related war-service credit to apply to time required for training; and the United States Office of Education has collected and distributed information for the supplementary instruction of apprentices. A Federal Committee on Apprenticeship appointed by the Secretary of Labor includes a representative of the United States Office of Education. These arrangements indicate a division of labor whereby the Veterans Administration has financed a large number of those desiring to enter apprenticeship; the Apprentice Training Service has identified over 100 apprenticeable occupations, has established standards, and negotiated and sanctioned national and local projects; the Office of Education has assisted local and State agencies in developing curricular materials for related classroom instruction. At least on the Federal level, the primary problems of organizational responsibility seem to have been identified and grasped. There seems to be no problem or necessity requiring alteration of the present location of functions.

## Conclusions

1. There are no compelling reasons for altering the existing location and division of responsibilities between the educational and employment agencies at the Federal level. The principal potential overlapping lies in the field of vocational rehabilitation, wherein the problem is whether State and local rehabilitation agencies should be

merged or more closely integrated with employment offices. The principal sources of economy in vocational rehabilitation lie in the alteration of the statutory formula to eliminate or lessen the weight given to State agency case-load estimates as a factor in allocating Federal funds, and in the elimination of grants for personnel primarily engaged in specific placement activities by the rehabilitation agency, on the assumption that such work should be handled through the employment service.

2. In the relation between vocational education and employment offices, it is not clear that the schools base their training programs to the extent desirable upon national, industrial, local, or occupational outlook opportunities evident to the Employment Service, the Women's Bureau and Bureau of Labor Statistics. A major hope of reform here lies with the appearance of vocational guidance officers in the schools, their recognition by school administrators, and close collaboration with the State employment service and State departments of education. The potentialities of constructive Federal influence upon local school planning and programming through the negative device of cutting or withholding funds seem negligible. Slight prospects of economy, but considerable benefit should emerge if heightened attention were focused upon the blurred lines between the Bureau of Labor Statistics and the United States Employment Service activities in the field of employment outlook.

3. A positive gap has appeared between the apprenticeship and vocational educational programs, again at local levels, in the failure of a third of the apprentices under the expanded postwar program to receive related classroom instruction in the vocational schools. Whether this situation is due to a lack of coordination, inadequate funds, or materials and manpower shortages, merits immediate investigation. With respect to the internal administration of the apprenticeship program, consideration should be given to the substitution of a matching grant-in-aid program, subject to present Federal standards, for the present policy of direct Federal servicing and encouragement of local apprentice committees. There seems to be little evidence that the States feel sufficiently the importance of a national policy calling for apprentice training as a condition of maintaining and increasing industrial productivity.

4. The vocational-education program of the Federal Government has settled down on an established, routine basis which has won two congressional increases in grant authorizations within the last 12 years.

## **Chapter IV**

# **EMPLOYMENT OFFICES AND UNEMPLOYMENT COMPENSATION**

### **Historical Background**

The first public employment services in the United States were municipal agencies, established about 1860 and located in New York and San Francisco. In 1890 the State of Ohio passed a law establishing State-City employment offices in its five principal cities. By the beginning of the World War, some 10 States were operating employment services, with a total of some 96 local offices.

The Federal Government's activity in connection with an employment service began in 1907, with the creation of a Division of Information in the Bureau of Immigration, then in the Department of Commerce and Labor. With the creation of a separate Department of Labor in 1913, the Bureau and its Division of Information became part of it.

In 1918 the employment information program of the Bureau of Immigration and Naturalization was transferred to the United States Employment Service. That Service, financed during the war largely from President Wilson's defense and security fund, established some 850 local offices, federally operated but many being run in cooperation with State and city governments. In 1918 and 1919 direct appropriations for the Service were cut off and a Senate bill to give legislative authority to the Service failed to pass. The Federal offices were closed or turned over to the State and local governments, which in 1920 had reduced the number of offices to 269 in some 41 States. By 1933 there were 192 offices in 23 States.

Activity of the veterans' organizations led Congress in 1930 to appropriate funds to the United States Employment Service for the establishment of a special employment service for veterans. This money enabled the Service to open some 30 offices in different cities, most of them operating with one man and a clerk. In 1931 Congress passed the Wagner bill providing for the establishment of a Federal-State system of employment offices partly supported by grants-in-aid, but the bill was vetoed by President Hoover, who preferred a national employment service directly administered by the Federal Government. Congress then appropriated funds with which to set up Federal offices,

cessful partly because of the political atmosphere of the period, partly because the State and local offices were disregarded in creating new offices, and partly because personnel was largely selected without regard to merit and experience. In April 1933, the Secretary of Labor abolished the Federal offices for veterans.

In June 1933, the Wagner-Peyser Act created the United States Employment Service as a bureau in the Department of Labor to administer a Federal-State system of employment offices. The law authorized appropriations of \$1,500,000 for the new agency for the first year, and \$4,000,000 for the following years. Three-fourths of this sum was set aside for apportionment among the States on the basis of population, to be disbursed only in amounts equal to those appropriated by the States and local governments for employment service purposes, and upon compliance with the provisions of the act. By the end of 1936, 34 States had employment offices functioning under the act; the following year the number had risen to 40, and by the end of 1938, 47 States had affiliated services functioning within the system.

From 1933 to 1938 emergency relief funds were utilized to establish a wholly Federal National Reemployment Service, which functioned separately from, but under the administrative direction of, the director of the United States Employment Service in certifying and referring applicants to jobs on public work projects.

In preparation for unemployment compensation benefit payments that began in 1938, the State employment services were expanded to meet the requirement of title III of the Social Security Act that State laws should provide for the payment of benefits solely through public employment offices or such other agencies as the Board may approve. (Sec. 303-a-2.) The act contains no specific provisions for grants for employment offices, but since the States provided for filing claims at such offices and for continued registration as evidence of availability for work, the Social Security Board in 1937 announced that it would make grants for the maintenance of employment services as an essential part of the cost of administering unemployment compensation. This interpretation was accepted by the Comptroller General in a letter to the Chairman of the Board of July 17, 1937.

State agencies thus dealt with two separate Federal agencies in securing funds to finance the costs of employment service operations. In reviewing and approving State agency budgets and operating plans, formulating regulations, and auditing expenditures, both the Employment Service and the Social Security Board were performing tasks with respect to interrelated operations in the State and local offices. An agreement between the Secretary of Labor and the Social Security Board in March 1937 failed to remove the difficulties of joint operation. On July 1, 1939, President Roosevelt through Reorganiza-

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of which about 150 were eventually opened. The system was not successful partly because of the political atmosphere of the period, partly because the State and local offices were disregarded in creating new offices, and partly because personnel was largely selected without regard to merit and experience. In April 1933, the Secretary of Labor abolished the Federal offices for veterans.

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tion Plan No. 1 transferred the Service to the Social Security Board, where it was combined with the Division of Unemployment Compensation into the Bureau of Employment Security.

The Social Security Board administered the United States Employment Service until September 1942. Pursuant to a telegraphic request from President Roosevelt, the State governors permitted transfer of the State employment offices to Federal operation on January 1 of that year, and on September 17, Executive Order 9247 transferred the United States Employment Service and the functions of the Federal Security Administrator with respect thereto to the War Manpower Commission. Executive Order 9617 (September 19, 1945) that abolished the War Manpower Commission also transferred the United States Employment Service back to the Department of Labor. The State and local offices of the United States Employment Service were not returned to the States until November 16, 1946, by direction of the Labor-Federal Security Appropriation Act for 1947 (Public Law 549, 79th Cong.). The United States Employment Service remained in the Department of Labor until July 1, 1948, when by special provision in the 1949 Labor-Federal Security Appropriation Act it was transferred to the Federal Security Agency.

### **The Major Employment Security Programs**

Since 1933 the American employment security system has developed upon these three principles:

First, in its employment aspects, it is essentially a voluntary program. Some 1,800 free public employment offices have been established throughout the Nation at which job seekers may register in order to secure information as to such employment openings as may be voluntarily reported by employers. Compulsion was introduced in connection with unemployment compensation, where eligible or covered workers were required to register as unemployed and unable to find suitable work as a condition of receiving benefits, and employers must pay a 3-percent tax upon covered pay rolls subject to reductions.

Second, despite repeated attempts to establish a federally operated and financed system of employment offices and unemployment compensation payments, the States have successfully sustained their claim to responsibility for operating both the job-referral and benefit-paying functions, subject to Federal standards and supervision with respect to administration.

Third, although the Employment Service was partially financed by the States under the Wagner-Peyser Act on a matching basis down to 1942, since that time the Federal Government has paid 100 percent of its administrative costs just as it has paid 100 percent of unemployment compensation administration since 1935.

A fourth principle, which is not quite so clear in its application, but has become generally accepted as a lesson of experience, is that employment security consists of two distinguishable operations which must nevertheless be administered under unified control, namely, facilitating employment and unemployment insurance.

## PUBLIC EMPLOYMENT OFFICES

The Federal Security Administrator, through the United States Employment Service, is authorized and directed by law<sup>1</sup> to promote and develop a national system of employment offices, and to assist in establishing and maintaining systems of public employment offices in the several States. In carrying out this function, the Service engaged in two types of activities: (1) Administrative control and supervision, and (2) program development and operations. The first category includes its formal statutory powers of prescribing minimum, and promoting improved, standards of efficiency and procedure, formulating necessary rules and regulations, determining eligibility of States for Federal grants and the amounts to which they are entitled, reviewing and approving State operating plans for conformity with Federal law and regulations, maintaining Federal standards through review of State agency budgets, inspecting and advising upon State operations, auditing expenditures and accounting systems, and finally, revoking State certificates of eligibility for receipt of Federal funds in cases of violation of Federal laws and standards.

Over and beyond the formal structure and exercise of authority, however, is the formulation of the technical goals and standards of administrative performance. The Service has sought to define its objectives in operating terms so that actual performance can be measured against work goals, but it has been found feasible to give these quantitative expression only to a limited extent. Broadly, the objective of employment service administration is to improve the organization of the labor market. This is carried on by:

1. Establishing an exchange of information upon available job openings and the qualifications of job seekers so that time, sacrifice, and effort in matching men with jobs are reduced to a minimum.

2. Increasing the efficiency of selecting and referring workers to jobs by developing job tests of qualifications and promoting a standard terminology for industrial occupations.

3. Guiding and movement of labor through a system of reporting on labor markets demand and supply, classified by location, occupation, or industry; maintaining a system of clearing labor not required locally to other States or labor market areas; and under emergency or wartime

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<sup>1</sup> The principal statutory references, the Wagner-Peyser Act of 1933, title III of the Social Security Act of 1935, title IV of the Servicemen's Readjustment Act of 1944, and Public Law 646, 80th Cong.



conditions, to direct the movement of labor from less to more essential employment under national policies controlling the placement and allocation of the civilian labor force.

4. Providing specialized services of assistance, selection, and placement for particular classes of workers, for example, veterans, youth, migratory farm labor, and the physically handicapped.

5. Assisting in tiding over and reducing the strains of temporary unemployment by providing registration facilities and suitable work opportunities, if available, to applicants for unemployment benefits.<sup>2</sup>

Under a voluntary system of registering applications and openings for jobs, it is generally recognized that the Employment Service can never expect to make more than one-third of the hirings in private industry. In the United States the percentage of nonfarm hirings completed through the service has probably never been more than 20 except under the controlled hiring policies of the War Manpower Commission from 1943 to 1945, when the peak reached was 55. National totals of job applications in the postwar years have ranged between 7 and 8 millions; job openings received from employers in local offices during 1947-48 on the basis of a 6-month sample were running at an annual rate just below 7 million; placements have declined to about half the wartime peak, but still more than 5 million per year. Approximately one-fifth of total placements are on short-time jobs.

The most concrete impact of employment service administration is felt at the local level, and the service has stimulated a vigorous program of concentrating direct visits to employers on the larger ones in the area who account for 75 percent of its employment. Table XXVIII, page 419, indicates that there is an inverse relationship between the size of community and the percentage of placements to estimated hirings by the major market employers in the locality. Approximately one-third of all placements by local offices are in manufacturing industries, one-fourth in household or other service industries, one-fifth in wholesale and retail trade, and one-tenth in construction. By broad occupational grouping, about two-fifths of all placements are in unskilled work, one-fifth are in semiskilled and skilled jobs combined, one-fourth are in service occupations, slightly more than 10 percent are in clerical and professional work. By race, sex, and special minority group, about one-fourth of all placements are nonwhite, slightly more than one-third are women, slightly less than one-third are veterans. About 5 percent are physically handicapped.

Employment Service statistics do not reveal the potentialities of its role in providing encouragement and leadership, particularly in local

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<sup>2</sup> This formulation does not follow precisely the U. S. Employment Service 6-point program, particularly in its listing of employer services, because the entire operation both services employers and promotes the welfare of wage earners.

TABLE XXVIII.—Data from 46 cities based on evaluation surveys of State employment service agencies, February 1946 through March 1948 <sup>1</sup>

City and State	Population	Gainfully employed	Major market			
			Gainfully employed	Estimated accessions	Local office placements	Penetration rate
Philadelphia.....	2,000,000	687,087	482,505	234,423	8,311	3.5
Washington, D. C.....	850,000	249,500	163,335	176,448	9,991	5.7
Total (over 500,000).....	2,940,000	936,587	645,840	410,871	18,302	4.6
Atlanta, Ga.....	490,000	133,482	96,789	98,029	6,731	6.9
Indianapolis, Ind.....	450,000	152,500	108,500	49,257	5,644	11.4
Providence, R. I.....	364,000	136,000	90,326	20,774	1,434	6.9
Honolulu, T. H.....	360,274	95,709	58,967	40,990	1,892	4.5
Nashville, Tenn.....	287,000	95,612	66,929	23,170	2,819	12.2
Omaha, Nebr.....	262,000	63,000	47,973	57,310	4,114	7.2
Richmond, Va.....	251,871	88,155	53,970	28,053	2,969	10.6
Total (250,001-500,000).....	2,455,145	764,458	523,444	317,589	25,603	8.1
Salt Lake City, Utah.....	240,800	56,100	28,888	13,032	2,350	18.0
Wichita, Kans.....	167,100	44,100	27,246	23,490	2,180	9.3
Total (150,001-250,000).....	407,900	100,200	56,134	36,522	4,536	12.4
Erie, Pa.....	140,949	53,560	37,841	27,243	4,264	15.7
Reading, Pa.....	140,720	59,102	41,260	17,820	2,679	15.0
Kansas City, Kans.....	136,000	40,841	24,930	19,026	2,292	12.0
Pawtucket, R. I.....	135,000	48,000	33,521	10,391	703	6.8
Fort Wayne, Ind.....	135,000	43,800	34,200	16,065	1,892	8.7
Evansville, Ind.....	125,000	33,200	25,000	7,096	1,415	19.9
Total (100,001-150,000).....	812,669	278,503	196,752	97,641	12,745	13.1
Columbus, Ga.....	100,000	33,169	24,766	34,992	2,966	8.4
York, Pa.....	97,096	40,780	30,814	14,697	1,695	11.5
Ogden, Utah.....	93,500	28,950	19,701	7,740	1,497	19.3
Topeka, Kans.....	91,247	28,936	19,506	13,851	2,342	16.9
Lincoln, Nebr.....	91,000	24,720	18,425	17,152	2,560	14.9
Jackson, Miss.....	90,000	26,400	18,724	20,760	1,726	8.3
Augusta, Ga.....	80,000	22,900	16,219	20,338	1,781	8.8
Manchester, N. H.....	80,000	29,600	22,260	16,200	2,629	16.2
Phoenix, Ariz.....	70,000	38,000	27,220	30,372	2,303	9.2
Provo, Utah.....	65,000	9,100	5,362	2,400	464	19.3
Williamsport, Pa.....	56,753	20,318	14,765	9,306	2,126	22.8
Total (50,001-100,000).....	914,596	302,873	217,762	187,808	22,589	12.0
Newport, R. I.....	47,000	9,000	4,737	805	91	11.3
Lynchburg, Va.....	43,898	15,364	12,579	5,647	605	10.7
Newport News, Va.....	43,694	15,293	17,602	7,772	770	27.8
Tucson, Ariz.....	36,818	15,100	10,284	11,472	862	7.5
Great Falls, Mont.....	36,000	11,100	8,874	5,679	1,234	21.7
Hilo, T. H.....	29,111	7,914	6,087	3,076	187	6.1
Dover, N. H.....	27,215	9,525	7,008	6,564	910	13.8
Billings, Mont.....	26,200	7,870	5,784	3,702	502	13.6
Total (25,001-50,000).....	289,936	91,166	73,045	39,717	5,161	13.0
Greenville, Miss.....	25,000	7,520	5,166	5,880	1,967	33.5
Keene, N. H.....	23,130	8,094	5,790	3,876	474	12.2
Missoula, Mont.....	21,500	5,525	5,308	3,397	740	21.8
Berlin, N. H.....	21,115	10,000	7,578	12,276	2,818	22.9
Vicksburg, Miss.....	21,000	7,405	5,483	6,290	1,671	26.7
Grand Island, Nebr.....	21,000	5,250	4,083	2,994	925	30.9
Helena, Mont.....	16,700	5,245	4,589	2,937	330	11.2
Harrisonburg, Va.....	9,000	3,150	2,933	894	122	13.6
Globe, Ariz.....	8,000	4,200	2,969	3,910	1,109	28.4
Flagstaff, Ariz.....	6,000	2,395	2,121	2,545	469	18.4
Total (25,000 and under).....	172,445	58,784	46,040	44,969	10,625	23.62
Grand total.....	7,992,691	2,522,571	1,759,017	1,135,117	99,561	8.8

<sup>1</sup> U. S. Employment Service.

communities, for positive programs of maintaining high levels of employment and standards of personnel relations work. The United States Employment Service has sought to promote this conception

among State and local office managers by developing and maintaining uniform occupational classifications and job descriptions, by preparing general aptitude tests and specific occupational trade tests for improving the selection and counseling of job applicants, by establishing a uniform system of collecting and analyzing information on employment conditions and opportunities in each major labor-market area, and in providing staff training, materials, and guide manuals. The extent to which these technical aids increase the efficiency of labor-market organization by improving the quality of employment office

TABLE XXIX.—*Percentage of Employment Service placements, by industrial classification, October 1947–March 1948*<sup>1</sup>

Month	Total	All manu- facturing	Wholesale and retail trade	Construc- tion	Household and other services	All other
<i>1947</i>						
October.....	527,959	34.0	18.2	13.9	23.1	10.8
November.....	450,957	33.9	19.5	13.1	22.7	10.8
December.....	397,048	31.0	20.8	11.3	23.1	13.8
<i>1948</i>						
January.....	374,123	34.4	18.2	9.6	25.1	12.7
February.....	344,064	35.2	18.8	9.5	25.7	10.8
March.....	412,808	33.5	18.9	11.3	26.0	10.3
Total.....	2,506,956					

<sup>1</sup> Source: U. S. Employment Service, The Labor Market, December 1947–May 1948.

TABLE XXX.—*Percentage of Employment Service placements, by broad occupational grouping, October 1947–March 1948*<sup>1</sup>

Month	Total	Clerical and professional	Service	Unskilled	Skilled and semiskilled
<i>1947</i>					
October.....	527,959	11.6	22.4	45.9	20.1
November.....	450,957	12.5	22.6	44.4	20.5
December.....	397,048	16.5	23.6	40.7	19.2
<i>1948</i>					
January.....	374,123	15.1	25.6	37.2	22.1
February.....	344,064	14.1	25.8	37.2	22.9
March.....	412,808	13.1	26.6	35.1	22.2

<sup>1</sup> Source: U. S. Employment Service, The Labor Market, December 1947–May 1948.

TABLE XXXI.—*Percentage of employment service placements, by race, sex, and veteran status, October 1947–March 1948*<sup>1</sup>

Month	Total	Nonwhites	Women	Veterans
<i>1947</i>				
October.....	527,959	26.5	32.9	33.9
November.....	450,957	26.0	33.8	33.2
December.....	397,048	26.0	35.4	33.5
<i>1948</i>				
January.....	374,123	26.4	38.7	31.8
February.....	344,064	27.1	39.2	30.5
March.....	412,808	27.9	37.2	31.4

<sup>1</sup> Source: U. S. Employment Service, The Labor Market, December 1947–May 1948.

selection and referral is only partly measurable by such statistical indices as the number of job openings reported by employers. A major criterion in this field is the working relationships established with employer personnel men, their attitudes toward the local office manager, and their experience with the handling of job orders. On a higher level this evaluation involves the status and participation of the Service in joint programs with employer and labor organizations. As a means of establishing this the Employment Service has officially sponsored the use of formal representative advisory councils on local, State, and national levels, but excepting in certain States and special demonstration projects from time to time, the operating offices do not seem to have made effective use of this device.

Employer attitudes toward the Service are affected by the predisposition in favor of maintaining plant or gate hiring, by the experience of the past 15 years in which the Service was preoccupied first by processing applicants for public-works projects and then by working out the relationships with unemployment compensation. Added to this was the reaction from such wartime controls as plant ceilings, essential work classifications, and availability statements. In normal times employers tend to oppose positive central direction of the flow of labor except in the rare instance that consensus can be achieved among themselves on the principles controlling priority of referral. The principal way in which a voluntary public employment service can remove the frictional inefficiencies of the labor market, therefore, is through the completeness and accuracy with which it is able to collect and disseminate its information concerning employment conditions in the labor market area, and the Service emphasizes this aspect of its work. The interarea and interstate clearance system maintained by the United States Employment Service is an extension of this principle by establishing orderly procedures for the exchange of information about job openings and available job seekers.

Another aspect of employment office administration is the specialized counseling, information and selection services for groups of workers, such as the physically handicapped, youth, and migratory farm labor. It is well-recognized that these special groups can best be handled as a part of the total employment process, benefiting from professional standards and skills in employee testing and placement, and within the most comprehensive knowledge of labor-market conditions. A Federal Interagency Committee for the Physically Handicapped, under the chairmanship of the Deputy Director of the United States Employment Service has developed for the guidance of the State agencies a pattern of collaboration between the Veterans Administration and the Office of Vocational Rehabilitation with respect to counseling and placement procedures. During the 10 years of the National Youth Administration, a working agreement providing for

establishment of special youth services in local employment offices was established. This source of funds is no longer available, but many States still provide specialized divisions dealing with youth entering the labor market. The Farm Placement Service, a statutory responsibility of the United States Employment Service, was transferred to the Department of Agriculture's Extension Service during the war, but was returned to the United States Employment Service in January 1948. This function consists primarily in advising the State agencies as to the time and path of migratory labor movements, and in assisting the States to plan and set up mobile employment offices for handling the major seasonal shifts.

## VETERANS

Congress gave special recognition to veterans in the organization of the United States Employment Service under title IV of the Servicemen's Readjustment Act of 1944. This title created a Veterans' Placement Service Board "to cooperate with and assist the United States Employment Service, and to determine all matters of policy relating to the administration of the Veterans' Employment Service of the United States Employment Service." This Board is composed of the Administrator of Veterans' Affairs, the Director of Selective Service, and whoever may have the responsibility for administering the United States Employment Service. The Chairman of the Board has authority and responsibility for carrying out its policies through veterans' employment representatives attached to the staffs of State employment services to which they are assigned by the United States Employment Service.

The Chairman of the Board may delegate his authority to an executive secretary of the Board appointed by him and who is thereupon designated as Chief of the Veterans' Employment Service of the United States Employment Service. Veterans' employment representatives must be veterans and residents for 2 years of the State in which they are appointed. They are recommended by the Chief of the Veterans' Employment Service for approval by the Board upon the advice of State veterans' administration representatives and concurrence of State directors of employment security and selective service. Upon approval by the Board, they are formally appointed through the civil-service and classification procedures of the United States Employment Service, and are paid as Federal employees under the Classification Act. Assistant veterans' employment representatives do not have to be approved by the Board. Veterans' employment representatives, attached to the staffs of the State employment services, are specifically made administratively responsible to the Board, through its executive secretary, for execution of the Board's veterans' placement policies through the State agency. They are also made functionally

responsible for supervision of registration and placement of veterans, for promoting the interest of employers in employing veterans, obtaining information about employment prospects, and to maintain regular contact with employers' and veterans' organizations.

The law thus establishes a Federal employment service for veterans with a different Federal administrative head, and a distinct line of administrative responsibility to the field, although at the same time providing that the Veterans' Employment Service shall work with and through the United States Employment Service and State agencies. This imposes a difficult task of integration and coordination upon both Federal and State employment services. The Veterans' Placement Service Board Regulations, passed by the Board August 9, 1945, upon the joint recommendation of the Director of the United States Employment Service and the Chief of the Veterans' Employment Service, indicated however that an acceptable procedure had been worked out under the policy established by Congress. Frictions at the Federal level appear to have been resolved by the practice of formal appointment through the United States Employment Service upon the recommendation of the Veterans' Employment Service, and by establishing the general policy that the veterans' employment representatives shall concentrate upon developing job opportunities, providing special counseling services, and maintaining contacts with employer and veterans' organizations, restricting themselves to watchful observation of State procedures of registration, interviewing, and placement of veterans along with other groups of job applicants. It has not been possible to remove difficulties of operation entirely in the States. Administratively, of course, this arrangement is less desirable than if the veterans' employment representatives in the States were made wholly responsible to the State directors, and the Veterans' Placement Service Board relied upon the United States Employment Service to carry out its policies through the normal Federal-State relationship of supervision and maintenance of standards. In the special case of veterans, Congress has adopted the principle of a Federal employment service, leaving to the administrators of the two systems the problem of working out the necessary administrative adjustments. The Veterans' Employment Service of necessity will always present some difficulties under a Federal-State cooperative system. Under a cooperative system, the veterans' employment representatives should be turned over to the State employment security agencies and the Veterans' Employment Service should be merged with the United States Employment Service along with its other specialized service programs.

Public Law 26, Eightieth Congress, section 5 (a), transferred to the Secretary of Labor the functions of the Director of Selective Service under section 2 (a) of the Selective Training and Service Act of 1940.

(54 Stat. 885), guaranteeing the reemployment of "members of the Reserve components of the land and naval forces of the United States who have satisfactorily completed any period of active duty, and persons who have satisfactorily completed any period of their training and service under this act." Public Law 87 provides similar assistance to merchant seamen, and by agreement with the Maritime Commission, the Veterans' Reemployment Rights Division performs this service for this group in addition to veterans.

Refusals of employers to rehire veterans or trainees are first sought to be adjusted by informal negotiations. Cases not settled are referred to the Solicitor of Labor and then to district attorneys, who may prosecute if they are satisfied that the veteran is entitled to reemployment under the statute.

The function might be regarded as within the area of the Veteran Employment Service in the United States Employment Service, but the officers of that Service, fearing that the enforcement and regulatory duties would conflict with their promotional work, preferred not to take it. It was therefore established as a separate unit in the Secretary's office with an intradepartmental committee composed of the Undersecretary, the Solicitor, the Directors of United States Employment Service and Veterans' Employment Service, the Director of Personnel and the Director of the Division to recommend policies governing the program to the Secretary of Labor. The transfer of the United States Employment Service to the Federal Security Agency leaves the function misplaced. It should be transferred to the Veterans' Administration, or alternatively, now that Selective Service has been reestablished, returned to the Selective Service System.

#### UNEMPLOYMENT COMPENSATION

The fifth major function of employment service at State and local levels is to register job applicants filing claims for unemployment compensation, to offer them suitable work for which they are qualified, and prepare the necessary papers for determination through the appeals machinery whether benefits should be denied when applicants reject jobs as not suited to their skill, training, or wage expectations. These are the operations which led to the financing of employment offices under the Social Security Act, and to the prevalent practice in the States of integrating State employment services with unemployment compensation activities under the same administrative head. The necessity for connecting the operations of registration and referral of job-seekers with disqualification proceedings and the processing of weekly claims requires no explanation. It is not so clear that the operations of applicant interviewing, classification, counseling, selection, and referral require a close connection with the operations of maintaining employer accounts, determining employer liability and



contribution rates, tax collection, maintaining and processing wage records, computing and processing benefit payments, disbursement, and investigation of fraud.

The variations from State to State indicate the inadvisability of imposing uniformity by Federal mandate beyond certain standards intended to guarantee proper administrative performance. From 10 years of administrative experience, it is clear that the States have not emerged employment office functions with unemployment compensation procedures, but in different ways run them as a more or less integrated series of operations under unified direction at the State level.

It is sometimes assumed that there is an inverse relationship between the size of the continued claims for unemployment benefits and the number of placements made by the employment offices. This has been largely disproven by experience under the system. Employment service placements are not representative of the pattern of hiring in industry generally. In sustained periods of either full employment or depression placements are apt to be low and claims high, but seasonal or reconversion unemployment creates periods of high activity for both benefit and placement operations. Further, the necessity of matching qualifications to jobs prevents an automatic or necessary reduction of benefits by reason of employment service activities. While there is no necessary statistical relationship between placement and benefit operations, nevertheless the two programs are part of the same process of minimizing the effects of unemployment upon the individual worker, the economy, and the community. Each is essential to the other, and there are some opportunities for interchange of managerial and clerical personnel from one to the other.

The Federal Security Administrator, through the Bureau of Employment Security, exercises four functions under title III of the Social Security Act and section 1600 of the Internal Revenue Code. He approves State unemployment compensation laws for offset credit up to 2.7 percent of the 3 percent Federal pay-roll tax if they meet the standard requirements imposed by the Federal tax law. He certifies to the Secretary of the Treasury the States he finds eligible for grants for administration if their laws meet specified requirements under title III of the Social Security Act. He certifies to the Secretary of the Treasury amounts appropriate for grants to States for proper and efficient administration of their laws, and he may study and make recommendations as to the most effective methods of providing economic security through social insurance and related subjects by legislative and administrative policies.

The Treasury maintains separate State accounts in a Federal Unemployment Account that are credited with the amounts of tax collected in each State under tax-offset provisions, and invests all funds not required for withdrawals to meet benefit payments. At the end of



1947, the total fund was approximately 7.1 billion dollars. The Treasury also collects the 0.3 percent pay-roll tax (approximately \$225,000,000 in 1947) that goes into the general fund to cover appropriations for grants for administration of unemployment compensation and employment offices (amounting to \$126,600,000 in 1947).

Under the Social Security Act, the State laws determine the scope of employment covered beyond the minimum definition established by the Unemployment Tax Act. For the most part, States determine the amount, waiting period, conditions of eligibility and disqualification, and duration of benefits. However, the Federal Security Administrator is empowered to refuse to approve State laws unless they contain basic provisions specified by the Social Security Act. Beyond approval of the State laws, he may, after reasonable notice and opportunity for hearing, find that in the administration of the State law a substantial number of individuals entitled to benefits have been denied them, or that the States have not complied substantially with such methods of administration as he (the Administrator) has found to be reasonably calculated to insure full payment of benefits when due. Having so found, he may notify the State that further payments for administration will not be made until he is satisfied that there is no longer such denial or failure to comply, and refrain from certifying any amounts for that State to the Secretary of the Treasury.

The significance of this authority lies in the moral persuasiveness it gives the Administrator to secure compliance with Federal administrative standards and procedures, rather than in the few times it has actually been invoked. Criticism emanating from the States with respect to Federal interference has been directed at the degree of detailed control over operating decisions, rather than against Federal dictation of coverage, amounts, and duration of benefits.

In terms of over-all effects, the first 10 years of full operation under the present system revealed a general, if varying, expansion in terms of coverage and size of benefits. Sixteen States in 1947 covered employers with 1 or more employees, and 29 covered employers of less than 8. The actual average weekly benefit for total unemployment had risen from approximately \$11 to more than \$18. The size of the unemployment trust fund seems to have been stabilized at approximately 7 billion dollars, although employer tax rates have been reduced through experience rating provisions to a national average of 1.4 percent instead of the original 3 percent. The major danger signal in the system is that some States have begun to pay benefits in excess of tax collections in any one year. This development suggests that studies be inaugurated of the tax structure in effect in the several States, partly to evaluate the actual effect of experience rating laws in producing stable, continuous employment, and partly to provide a program for adjusting tax rates to meet unfavorable tax collection—benefit payment ratios.

To a considerable extent, the Employment Service and the Federal Security Agency have collaborated in sending out joint regulations and in coordinating budgetary and auditing procedures, but this is possible only to a limited extent in establishing requirements and standards for separate field operations. Consolidation of the two agencies at the Federal level would result in simplification only if the scope and frequency of budgetary and administrative review were reduced and regional offices combined.

#### RECOVERY BENEFITS FOR SEAMEN

Amendments to the Social Security Act in 1946 provided a temporary program of direct appropriations to reimburse the States for benefits paid to maritime workers employed by agents of the Maritime Commission or War Shipping Administration. This program has been extended twice (now to June 30, 1950) by congressional appropriation acts. For 1949 Congress estimated the cost at \$750,000. Benefits are paid by allocating wages used as the basis for paying benefits to the State where the seaman files his claim. Funds for administration of this program are made available to the States under the same procedure as grants for unemployment compensation.

#### READJUSTMENT ALLOWANCES FOR VETERANS

Title V of the Servicemen's Readjustment Act of 1944 authorized the Administrator of Veterans' Affairs to reimburse cooperating States for allowances paid under the benefit provisions of the Federal law to unemployed veterans, and to certify to the Social Security Board (Federal Security Administrator) expenses for administration incurred under agreements between the Administrator and the cooperating States. It is estimated that in 1947, 1.4 million veterans were covered under this title, and that allowances totaling some \$30,000,000 were made.

The program of the Bureau of Employment Security comprises systematic research and reporting upon State laws and their results, budgetary and administrative review of State tax-collecting and benefit-paying operations, and recommending desirable changes in the State and Federal legislation. (Auditing of State expenditures and supervision of personnel merit systems are performed by centralized bureaus in the Federal Security Agency). Fiscal standards based upon work loads for the several unemployment compensation operations have been developed, and these are used by the States to project cost estimates in line with national economic assumptions a full year in advance of the beginning of the fiscal year for which estimates are made. These estimates are first closely scrutinized by the Bureau's regional offices. The Bureau presents its own estimates of the sum

required by the States to the Bureau of the Budget about 9 months in advance, and the President's estimates are submitted to Congress 6 months in advance. Congress thus enacts the necessary appropriations upon the basis of these preliminary estimates after four levels of review, including its own appropriations subcommittee. The States are also required to submit operating budgets in June, the month before actual appropriations become available, and in December, upon which the Bureau makes a semiannual allotment of the funds actually appropriated. The volume of work required by these procedures is considered extremely onerous by the State agencies, who have considered and proposed several plans for revising drastically the present method of 100 percent Federal financing of administrative costs.

Administrative review is carried on both by direct observation of State operations and by constant attention to compliance with reporting requirements. Review is carried on by detailed inspections, special surveys, and participation in the budget process by the Bureau's regional and Washington staff. Information, assistance, and advice is rendered State agencies through the comparison of experience in different jurisdictions, conferences, and issuance of field letters, bulletins, and reports on State activities.

#### TEMPORARY DISABILITY INSURANCE

Up to 1948 three States had adopted legislation providing for illness or temporary disability, and in 1947 such bills were pending in 14 State legislatures. The three States having such legislation, and most of the proposed bills, provide that the agency administering unemployment compensation shall administer temporary disability insurance. Coverage of workers, wage records, rate and duration of benefits, and administrative personnel are or can be largely identical under the two programs within a State, which makes for lower costs and simplified procedures than might be the case if sickness and disability were initiated under de novo administrative auspices.

#### SUMMARY

The American system of employment security, with minimum standards established and supervised by the Federal Government, and with operating control over public employment services integrated with unemployment compensation at the State level, has established itself as an accepted, useful feature of labor-market organization in our private-enterprise economy. To the extent that employers notify employment offices of available job openings, and that employment offices are equipped to do an effective testing, counseling and referral job, registration of temporarily unemployed workers at employment offices for unemployment benefits makes it possible for them to find other

suitable employment with a minimum loss of time and a partial replacement of wages. States have generally increased the amount and duration of benefits, and waiting periods have been reduced.

## **The Issue of Federal Organization**

### **ADMINISTRATIVE FINANCING**

Any system of Federal-State cooperation contains the seeds of mutual irritation and dissension between Federal and State legislators and administrative officials. Employment security has experienced many such conflicts, partly because of the frictions arising from the integration of State employment services with the new unemployment compensation agencies and partly because of the disputes arising out of the Federal Government's requirements in connection with its provision of all expenses for State administration. Several devices for meeting these problems have been proposed.

The two extremist views are: (1) Complete federalization, and (2) complete State responsibility. The former is supported by the arguments of greater adequacy of benefits, the greater solvency of benefit reserves pooled nationally rather than on a State basis, the desirability of having uniform standards of competence and salary in administration, the importance of having national policies and national administrative machinery to deal with national problems of unemployment and manpower utilization. The latter is supported by preferences for encouraging State initiative and responsibility, for retaining as many functions and as many powers as possible in the State governments, and for permitting variations in standards and policies according to State or regional opinions, and the conviction that employment security is a State and local problem that should be dealt with locally rather than nationally. The present system is a compromise between these views whereby the Federal Government levies the pay-roll tax, acts as custodian of the funds, prevents benefit reserves from being used for administration, establishes certain minimum standards for State laws, and supervises the administration of the system. At present the States are permitted to establish the variations in employer tax obligations, coverage, eligibility, amount and duration of benefits, and in appointing and fixing scales of payment for administrative personnel.

Complete federalization or complete State responsibility is not in issue. There is no serious consideration of eliminating the Federal pay-roll tax or custody and investment of the unemployment trust fund. The Federal Government should maintain certain minimum standards, review and report on the operation of State programs, and perform certain research, technical, and advisory services that it can usefully provide for all State employment security agencies. Since

1939, the question of whether unemployment is a National or State function has seemed relatively remote in view of the reduction of unemployment to minimum proportions. Reaction to Federal wartime manpower controls left little sentiment in favor of retaining the State employment services in Federal hands when the controls were removed. States already control the benefit structure and the quality of employment services rendered. Thus the major issue in the present Federal-State equilibrium of responsibility in employment security is whether Federal responsibility for maintaining adequate State administration (resulting in divided control over State administration, with States fixing the number and compensation of administrative employees, and the Federal Government determining the amount of money to be granted) should be terminated.

The unique method by which the Federal Government retains three-tenths of 1 percent of the pay-roll tax and finances 100 percent of administrative costs for employment security was adopted deliberately to secure certain results: (1) Adequacy of administrative funds in the initial stages of embarking upon a novel, untried program; (2) a pooled equalization fund for administration whereby smaller States would be assured of receiving administrative funds that might not be available if expenses were limited to the tax contributions from employers in those States; (3) flexibility in meeting needs growing out of violently fluctuating claim loads. Comparison of the totals in tables XXXII and XXXIII, pages 432 and 434, shows that tax collections have been more than sufficient to meet administrative expenses, and in general—though many States have complained that Federal estimates of need have been insufficient to meet requirements considered necessary by the States—there has been no evidence of break-down in State administration due to lack of funds. The size of grants has grown steadily, though since VJ-day the number of State and local employment office employees has declined from over 24,000 to approximately 20,500. In 1948 combined grants of approximately 65 million dollars each for unemployment compensation and employment offices exceeded 130 million dollars; for fiscal year 1949 Congress appropriated just that figure.

Appropriation hearings and other sources of information nevertheless disclose that the State agencies continually complain that amounts granted are inadequate, that the Federal agencies discriminate among States, and that they are subjected to too much detailed control both in the estimation and in the expenditure of funds. With respect to the first complaint, it is apparent that no automatic, objective measure of need is yet available. On the second point, it is equally clear that Congress deliberately gave the Federal agencies considerable discretionary authority in allocating grants among the States. The Administrator of title III of the Social Security Act is required to

base his determination on (1) the population of each State; (2) an estimate of the number of persons covered by the State law and of the cost of proper and efficient administration; (3) such other factors as he finds relevant, for example, the proportion of claims or taxable pay rolls in each State to the total claim load or taxable pay rolls in the Nation. Annual appropriation acts have amended the old requirement of the Wagner-Peyser Act that grants for employment offices should be apportioned on a population basis to the effect that such grants shall be made in such amounts as the Administrator determines to be necessary for the proper and efficient administration of each State's unemployment compensation law and of its public employment offices (Public Law 646, 80th Cong.). Other elements that make "discrimination" of some kind inevitable are the wide variation in State laws with respect to administrative provisions and covered employment, with respect to workloads, the variation between States, and the variation in State salary and classification systems. Variations in costs per covered worker between States (table XXXIV, p. 438) reinforce this conclusion. However, the high correlation between the percentage of combined grants going to each State and the percentage of covered workers in each State shows that the allocations have not been entirely capricious or arbitrary.

The crux of State criticisms of Federal administrative controls lies in the procedures and requirements of budgeting (described above) and in the detailed controls over expenditure. There is no question that the authority exists; responsibility for the manner of its exercise has deliberately been assumed by the Social Security Administration and Federal Security Administrator, who have in turn been governed by the procedural requirements of the Federal Budget and Accounting Act and congressional appropriations procedure. Given the Federal budgeting system, it is difficult to see how the long-range estimates of claim and work-load data that the States find so onerous, together with the record-keeping required, can be dispensed with, although undoubtedly some modifications could be worked out. Similarly, it is not unreasonable for the Federal agency to require the submission of operating budgets as the basis for apportioning appropriated funds and securing advance notice of anticipated deficiencies. Whether the established degree of expenditure control is necessary is also debatable, but in view of the tremendous sums involved a supervisory agency is scarcely to be blamed for taking every possible step to avoid charges of dishonesty or corruption.

Turning to alternative methods of financing State administration of employment security, we find that the major proposals under discussion are: (1) 100 percent offset by the States against the 3 percent Federal tax; (2) return to the States of the balance of tax collections left after grants have been made for administrative expenses. Such

TABLE XXXII.—Hypothetical distribution of collections under the Federal Unemployment Tax Act, by States, fiscal years 1938-47

(In thousands of dollars)

State	1938	1939	1940	1941	1942	1943	1944	1945	1946	1947	Total 1938-47
Total.....	2 61,279	2 95,842	2 104,533	97,677	119,944	158,361	179,909	184,544	179,930	184,823	1,366,842
Alabama.....	484	732	885	611	1,309	1,980	2,082	2,168	2,201	2,098	14,752
Alaska.....	44	66	69	74	119	104	213	226	133	134	1,244
Arizona.....	176	240	249	234	284	439	519	492	486	517	3,678
Arkansas.....	291	364	370	347	383	522	677	673	496	516	5,432
California.....	3,538	6,745	7,131	6,744	8,383	12,589	15,477	15,939	14,809	15,213	106,433
Colorado.....	3,098	6,322	6,638	7,131	7,446	11,011	969	878	869	7,690	7,690
Connecticut.....	1,340	1,948	2,283	2,277	3,198	4,245	4,368	4,568	3,972	3,909	29,070
Delaware.....	155	264	288	272	312	356	422	431	442	467	3,583
District of Columbia.....	343	645	706	671	725	834	869	865	831	1,106	7,729
Florida.....	463	788	891	821	948	1,364	1,592	1,876	1,898	2,030	17,790
Georgia.....	697	1,056	1,123	1,091	1,408	1,771	2,132	2,306	2,404	2,477	16,354
Hawaii.....	138	213	221	204	315	501	418	392	412	487	3,343
Idaho.....	129	217	210	197	226	378	398	313	313	358	2,678
Illinois.....	5,264	8,422	9,037	8,303	9,792	12,019	13,335	14,155	14,161	14,931	109,412
Indiana.....	1,890	2,436	2,787	2,740	3,719	4,917	5,793	5,555	5,491	5,825	40,872
Iowa.....	626	1,029	1,011	924	1,108	1,357	1,591	1,606	1,643	1,785	12,620
Kansas.....	431	738	623	576	780	1,356	1,682	1,676	1,499	1,788	10,590
Kentucky.....	633	981	956	920	1,089	1,416	1,545	1,672	1,701	1,789	12,702
Louisiana.....	572	991	1,025	976	1,179	1,600	1,977	2,066	1,907	1,937	14,295
Maine.....	340	562	534	501	652	1,988	1,119	1,040	960	1,004	7,640
Maryland.....	886	1,392	1,546	1,546	2,074	2,991	3,427	3,212	2,997	2,870	23,946
Massachusetts.....	2,766	4,351	4,947	4,530	5,493	6,882	7,371	7,395	7,434	7,894	56,063
Michigan.....	3,802	4,775	5,574	5,950	7,555	9,855	12,076	12,055	10,494	10,824	82,969
Minnesota.....	3,880	1,623	1,661	1,402	1,560	2,030	2,316	2,413	2,480	2,575	18,940
Mississippi.....	197	314	323	338	445	637	693	690	710	796	5,083
Missouri.....	1,472	2,539	2,539	2,287	2,874	3,574	3,964	4,094	4,312	4,313	31,824
Montana.....	240	265	268	250	259	316	312	315	312	300	2,907
Nebraska.....	290	513	454	399	434	693	802	808	825	826	6,044
Nevada.....	54	99	96	92	106	268	237	177	170	225	1,244
New Hampshire.....	236	346	381	354	434	510	504	523	558	682	4,828
New Jersey.....	2,446	4,149	4,690	4,587	5,742	7,636	8,662	8,854	8,257	8,157	63,180
New Mexico.....	91	155	147	138	156	204	212	230	284	347	1,957
New York.....	9,728	15,954	17,563	15,286	17,187	20,496	23,228	24,333	25,065	26,615	195,893
North Carolina.....	775	1,297	1,468	1,354	1,737	2,247	2,353	2,415	2,504	2,977	19,159
North Dakota.....	76	136	110	104	110	119	127	142	156	196	1,276
Ohio.....	4,290	6,219	7,205	6,800	8,698	11,297	12,993	13,210	12,841	12,683	96,176
Oklahoma.....	504	875	866	751	842	1,260	1,514	1,544	1,531	1,465	11,552
Oregon.....	459	729	822	797	1,040	1,722	2,184	2,180	1,960	1,807	13,700
Pennsylvania.....	6,031	9,348	10,184	9,680	11,794	14,589	15,978	16,219	15,744	16,289	126,466
Rhode Island.....	474	708	840	771	1,050	1,437	1,427	1,392	1,330	1,477	10,772
South Carolina.....	353	538	602	605	801	1,023	1,041	1,055	1,123	1,360	8,501

South Dakota.....	75	145	139	131	136	186	166	168	192	235	1,573
Tennessee.....	672	1,072	1,111	1,007	1,402	1,866	2,273	2,636	2,705	2,525	17,319
Texas.....	1,631	2,926	2,890	2,605	3,108	4,000	5,643	5,973	5,794	6,001	41,231
Utah.....	212	320	308	280	340	578	661	523	510	542	4,284
Vermont.....	132	186	198	162	233	294	314	322	319	362	2,552
Virginia.....	720	1,214	1,275	1,138	1,773	2,436	2,326	2,250	2,291	2,500	18,055
Washington.....	815	1,273	1,370	1,240	1,709	2,879	3,556	3,827	3,333	2,855	22,959
West Virginia.....	800	1,191	1,240	1,271	1,855	1,930	2,071	2,134	2,217	2,352	16,877
Wisconsin.....	1,359	2,090	2,559	2,199	2,586	3,458	3,968	4,192	4,206	4,181	30,437
Wyoming.....	85	146	123	110	126	156	175	202	212	234	1,569

<sup>1</sup> Distributed according to taxable wages in each State covered by the Federal act for the calendar year ending during the fiscal year. Data adjusted for wages in small firms not covered by the act. With the exceptions noted, national totals agree with U. S. Treasury figures, including payments for penalties, interest, and delinquency. State distribution of collections based on States in which taxable wages earned rather than on the internal revenue district through which the tax return actually filed. Figures will not necessarily add to totals because of rounding.

<sup>2</sup> National totals shown for fiscal years 1938-40 are different from U. S. Treasury figures. The Treasury Department reported collections of 90.1 million dollars in 1938, 100.3 million dollars in 1939, and 107.5 million dollars in 1940. The 1939 and 1940 totals were adjusted to exclude collections from interstate railroads. The 1938 totals were derived by multiplying

wages in calendar year 1937 subject to the Federal tax by 0.2 percent, the rate in effect during that year. The 90.1 million dollars reported by the Treasury Department for fiscal 1938 includes a substantial part of 40 million dollars subsequently transferred to unemployment trust fund accounts of States that did not have an unemployment insurance law in 1936 and which employers, therefore, paid the full tax on 1936 wages into the Federal Treasury. The 3 million dollars figure shown for fiscal 1938 excludes payments for penalties, interest, and delinquency and any portion of the refunded 40 million dollars collected during that year.

Source: Bureau of Employment Security.



TABLE XXXIII.—*Obligations for State employment service and unemployment insurance administration, by States, fiscal years 1938-47* <sup>1</sup>

[In thousands of dollars]

State	1938	1939	1940	1941	1942	1943	1944	1945	1946	1947	Total 1938-47
Total.....	45,374	68,099	65,552	70,126	77,864	85,334	95,313	102,807	124,262	126,605	861,336
Alabama.....	880	856	717	786	889	1,025	1,336	1,639	1,884	1,946	11,909
Alaska.....	30	66	102	78	102	106	184	195	220	241	1,281
Arizona.....	323	317	265	303	358	401	469	464	680	727	4,406
Arkansas.....	173	455	477	540	809	899	833	925	1,078	1,100	7,349
California.....	3,836	4,640	4,494	5,046	5,757	6,687	7,884	8,581	12,235	13,688	72,809
Colorado.....	124	463	480	503	542	604	677	785	883	900	5,851
Connecticut.....	1,273	1,458	1,392	1,406	1,446	1,496	1,616	1,638	2,042	1,971	15,783
Delaware.....	130	248	241	240	241	231	203	280	322	322	2,502
District of Columbia.....	397	564	575	577	620	608	690	718	855	1,022	6,667
Florida.....	186	555	657	723	876	1,038	1,259	1,547	1,625	1,728	10,165
Georgia.....	223	870	955	1,045	1,175	1,215	1,518	1,941	1,886	1,896	12,667
Hawaii.....	91	163	169	151	174	214	270	316	303	269	2,119
Idaho.....	154	306	273	286	325	339	328	405	460	600	3,477
Illinois.....	313	1,459	3,715	4,049	5,524	5,975	6,512	6,241	7,859	7,548	50,077
Indiana.....	1,492	2,249	1,841	1,825	2,135	2,474	2,533	2,933	3,023	2,623	22,891
Iowa.....	360	858	1,748	1,725	2,804	2,858	1,000	1,357	1,348	1,345	9,493
Kansas.....	144	549	532	555	662	758	905	1,089	1,301	1,159	6,683
Kentucky.....	219	814	809	907	1,011	1,205	1,325	1,400	1,449	1,361	10,621
Louisiana.....	818	929	821	875	965	1,009	1,135	1,292	1,691	1,740	11,274
Maine.....	510	559	500	485	487	524	585	647	689	782	5,778
Maryland.....	1,108	883	833	873	923	1,122	1,374	1,629	1,915	2,117	12,884
Massachusetts.....	2,625	3,898	3,386	3,346	3,447	3,457	3,915	4,064	4,290	4,788	37,216
Michigan.....	1,426	3,981	3,264	3,232	4,088	4,252	4,727	5,340	7,245	7,325	45,280
Minnesota.....	1,256	1,652	1,452	1,426	1,807	1,689	1,877	2,125	2,400	2,170	17,300
Mississippi.....	332	475	449	489	624	742	916	1,130	1,152	1,103	7,502
Missouri.....	213	1,556	1,668	1,864	2,436	2,554	2,436	2,464	2,800	2,458	20,540
Montana.....	111	314	314	339	345	348	341	387	409	501	3,241
Nebraska.....	100	414	420	436	496	627	720	844	807	736	5,600
Nevada.....	105	179	172	180	209	193	250	279	323	348	2,248
New Hampshire.....	420	371	372	345	378	357	449	459	515	538	4,256
New Jersey.....	617	2,327	2,906	3,155	3,419	3,769	3,967	4,024	5,142	5,065	34,390
New Mexico.....	63	218	216	207	222	270	323	350	405	405	2,624
New York.....	7,654	9,909	8,548	9,027	9,756	10,184	11,181	11,077	14,952	14,400	108,657
North Carolina.....	1,220	1,425	1,158	1,230	1,325	1,521	1,792	1,903	2,046	2,180	15,801
North Dakota.....	1,110	197	213	243	265	246	253	382	7,139	6,093	2,676
Ohio.....	530	2,750	3,111	3,743	4,163	4,656	5,698	6,042	7,139	6,093	43,926
Oklahoma.....	233	760	742	728	899	1,095	1,043	1,191	1,340	1,340	9,271
Oregon.....	727	779	686	842	1,045	1,145	1,197	1,307	1,340	1,706	11,184
Pennsylvania.....	7,742	839	636	6,354	6,326	7,124	7,501	7,697	9,214	10,164	75,259
Rhode Island.....	354	689	689	634	738	779	807	937	1,026	954	8,275
South Carolina.....	87	165	613	615	691	789	807	1,076	1,096	1,226	8,239
South Dakota.....	87	170	170	191	213	272	335	415	351	296	2,463

Tennessee.....	756	1,036	956	1,060	1,189	1,263	1,528	1,701	1,932	2,053	13,563
Texas.....	2,103	2,545	2,429	2,432	2,761	3,073	3,290	3,994	4,538	4,364	31,528
Utah.....	288	335	304	326	398	449	540	645	691	798	4,775
Vermont.....	267	240	219	241	257	256	278	302	388	424	2,870
Virginia.....	824	987	962	989	983	1,212	1,553	1,773	1,602	1,604	12,530
Washington.....	141	767	925	1,081	1,496	1,900	1,871	2,075	2,690	2,874	15,611
West Virginia.....	920	1,225	926	911	855	900	954	1,002	1,225	1,224	10,142
Wisconsin.....	1,345	1,265	1,169	1,179	1,308	1,453	1,556	1,653	1,928	1,745	14,632
Wyoming.....	80	205	187	194	199	220	220	257	269	310	2,141

<sup>1</sup> Excludes the cost of operating national and regional offices of the Bureau of Employment Security, the U. S. Employment Service, and the War Manpower Commission; administrative costs connected with the servicemen's readjustment allowance programs, both State and National; costs related to the operation of the National Reemployment Service; and cost of operating the farm placement program carried on by the Department of Agriculture and State extension services during the period 1943-47. Penalty mail and postage charges prorated among States: Those relating to employment service operations

for fiscal years 1945-47 are estimates. Excludes Puerto Rico. Estimates of liquidation costs (including terminal leave costs) involved in the return of the Employment Service from Federal to State operation prorated over fiscal years 1943-47. Figures will not necessarily add to totals because of rounding.

<sup>2</sup> Amounts for employment service estimated.

Sources: Bureau of Employment Security and U. S. Employment Service.

TABLE XXXIV.—Administrative cost data on State unemployment compensation and employment service programs—fiscal year ended June 30 1947

State, district or territory	Grants for unemployment compensation administration	Grants for employment service administration	Combined grants for unemployment compensation and employment service	Percent of combined grant		Employees covered June 1947	Coverage (June 1947)	Combined grants (unemployment compensation and employment service)	Average cost per covered employee		Total
				Percent of combined grant					Unemployment pension	Employment service	
				Unemployment pension	Employment service						
Alabama.....	\$700,000	\$1,246,000	\$1,946,000	36.0	64.0	417,100	1.31	1.54	\$1.68	\$2.99	\$4.61
Alaska.....	110,000	122,000	231,000	49.4	50.6	38,800	.11	.19	3.07	3.14	6.21
Arizona.....	202,000	465,000	727,000	36.0	64.0	96,600	.30	.57	2.71	4.81	7.52
Arkansas.....	526,000	583,000	1,109,000	47.4	52.6	204,500	.64	.88	2.57	2.85	5.42
California.....	7,442,000	6,246,000	13,688,000	54.4	45.6	2,378,500	7.47	10.80	3.13	2.63	5.76
Colorado.....	1,209,000	581,000	1,790,000	26.5	73.5	189,200	.59	.62	1.10	3.07	4.17
Connecticut.....	1,061,000	910,000	1,971,000	53.8	46.2	633,400	1.99	1.56	1.68	1.44	3.12
Delaware.....	165,000	152,000	317,000	50.5	49.5	90,200	.24	.24	1.72	1.69	3.41
District of Columbia.....	434,000	585,000	1,022,000	42.5	57.5	217,800	.68	.81	1.99	2.70	4.69
Florida.....	621,000	1,107,000	1,728,000	36.0	64.0	343,700	1.08	1.36	1.81	2.22	5.03
Georgia.....	704,000	1,122,000	1,826,000	38.6	61.4	497,100	1.56	1.44	1.42	2.26	3.68
Hawaii.....	123,000	1,122,000	1,245,000	43.7	56.3	100,000	.31	.21	1.23	1.46	2.69
Idaho.....	265,000	339,000	604,000	43.5	56.5	87,200	.27	.47	2.99	3.89	6.88
Illinois.....	3,741,000	3,807,000	7,548,000	49.0	50.4	2,360,500	7.41	5.96	1.58	1.61	3.19
Indiana.....	1,053,000	1,800,000	2,853,000	40.5	59.5	881,100	2.77	2.07	1.21	1.77	2.98
Iowa.....	395,000	1,930,000	2,325,000	20.4	79.6	325,600	1.65	1.05	1.20	2.88	4.08
Kansas.....	482,000	677,000	1,159,000	41.6	58.4	354,000	.72	.92	2.11	2.97	5.08
Kentucky.....	540,000	821,000	1,361,000	39.7	60.3	254,000	1.32	1.07	1.51	2.30	3.81
Louisiana.....	910,000	830,000	1,740,000	52.3	47.7	427,400	1.84	1.37	2.13	1.94	4.07
Maine.....	308,000	474,000	782,000	39.4	60.6	165,800	.53	.62	1.81	1.79	4.60
Maryland.....	970,000	1,147,000	2,117,000	45.8	54.2	543,200	1.71	1.67	2.19	2.79	4.90
Massachusetts.....	2,816,000	1,972,000	4,788,000	58.8	41.2	1,421,000	4.46	3.78	1.98	1.39	3.90
Michigan.....	3,506,000	3,798,000	7,304,000	49.1	50.9	1,421,000	4.91	4.46	2.30	2.38	4.68
Minnesota.....	735,000	1,441,000	2,176,000	33.8	66.2	530,800	1.64	1.72	1.17	2.77	4.18
Mississippi.....	372,000	821,000	1,193,000	31.2	68.8	171,400	.54	.92	1.41	1.79	3.90
Missouri.....	1,010,000	1,448,000	2,458,000	41.1	58.9	744,000	2.34	1.94	1.36	1.59	3.51
Montana.....	245,000	256,000	501,000	48.9	51.1	93,200	.29	.40	2.63	2.70	4.72
Nebraska.....	202,000	535,000	737,000	27.4	72.6	156,200	.49	.58	1.29	2.43	3.68
Nevada.....	144,000	204,000	348,000	41.4	58.6	37,500	.27	.27	3.84	5.44	9.28
New Hampshire.....	222,000	376,000	598,000	37.1	62.9	127,400	.40	.47	1.74	2.95	4.69
New Jersey.....	2,872,000	2,193,000	5,065,000	56.7	43.3	1,270,500	3.99	4.00	2.26	1.73	3.90
New Mexico.....	170,000	235,000	405,000	42.0	58.0	80,600	.25	.40	2.11	2.92	5.03
New York.....	8,530,000	7,873,000	16,403,000	52.0	48.0	4,274,100	13.42	12.96	2.00	1.84	3.84

North Carolina	823,000	1,357,000	2,130,000	37.8	62.2	605,700	1.90	1.72	1.36	2.24	3.60
North Dakota	89,000	267,000	356,000	26.0	74.0	38,900	.12	.28	2.29	6.86	9.15
Ohio	2,597,000	3,496,000	6,893,000	42.6	57.4	2,155,100	6.77	4.81	1.21	1.62	2.83
Oklahoma	530,000	801,000	1,240,000	40.9	59.1	252,600	.97	1.06	2.05	3.17	5.22
Oregon	786,000	920,000	1,704,000	46.7	53.3	360,200	.97	1.35	2.53	2.97	5.50
Pennsylvania	4,484,000	4,680,000	10,164,000	54.0	46.0	2,083,300	9.39	8.03	1.83	1.57	3.40
Rhode Island	395,000	559,000	1,054,000	41.4	58.6	236,300	.74	.75	1.69	2.89	4.08
South Carolina	390,000	835,000	1,225,000	31.8	68.2	296,400	.94	.77	1.32	2.52	4.14
South Dakota	78,000	217,000	295,000	26.4	73.6	47,300	.15	.23	1.09	4.59	6.54
Tennessee	849,000	1,204,000	2,053,000	41.4	58.6	477,700	1.50	1.62	1.45	2.92	4.30
Texas	1,585,000	2,779,000	4,394,000	36.3	63.7	1,079,300	3.39	3.45	1.48	2.50	6.94
Utah	301,000	497,000	798,000	37.7	62.3	121,400	.88	.69	2.43	4.97	6.77
Vermont	155,000	268,000	423,000	36.6	63.4	62,700	.39	.32	2.47	4.37	6.38
Virginia	512,000	1,092,000	1,604,000	31.9	68.1	475,000	1.49	1.27	1.08	2.70	5.70
Washington	1,504,000	1,371,000	2,875,000	52.3	47.7	503,900	1.83	2.27	2.98	2.72	3.26
West Virginia	620,000	604,000	1,224,000	50.7	49.3	375,400	1.18	.97	1.65	1.61	3.26
Wisconsin	565,000	1,180,000	1,745,000	32.4	67.6	717,100	2.25	1.38	.79	1.65	2.44
Wyoming	147,000	163,000	310,000	47.4	52.6	53,500	.17	.24	2.75	3.05	5.80
All States	59,369,000	67,246,000	126,605,000	---	---	31,847,600	100.00	100.00	1.86	2.11	3.97

Source: Unemployment Benefit Advisors, Inc.

NOTE.—For factors to be considered in an analysis of above costs, see accompanying advisor.

balance to be used for administration or for benefit payments; (3) raise the tax offset credit, say, from 2.7 to 2.9 or 2.95 percent; the one-tenth of 1 percent to be used to make a relatively small flat or matching grant to all States meeting Federal standards, to cover Federal administrative expenses, and to maintain the Federal loan fund for possible emergencies.

1. The 100 percent offset plan (H. R. 5736) would permit all collections under the 3 percent tax to be credited to State accounts in the unemployment trust fund, from which withdrawals could be made for both benefits and administrative expenses; the Federal Administrator would certify annually to the Secretary of the Treasury those States whose laws and administration meet the requirements of the Federal tax law and standards specified in the Federal unemployment compensation law. This proposal would turn complete financial responsibility for employment security over to the States, and would restrict Federal administrative control to inspection to assure that the States were meeting minimum statutory standards. It would eliminate the present flexibility of Federal appropriations procedure and the relative assurance that administrative funds would be available to meet emergencies arising from widespread unemployment or unforeseen claim loads; about a fourth of the States already receive less tax collections from the three-tenths of 1 percent than is required for administrative costs (there were 13 such States in 1945, 1946, and 1947); it would impose upon the Federal Government the burden of tax collection, accounting, determination of liability, statistical research, and maintenance of standards, without yielding any revenue for the Federal purposes.

2. Another plan (H. R. 6578), recommended by the Interstate Conference of Employment Security Administrators, would segregate tax collections from the three-tenths of 1 percent tax for administrative expenses in a Federal unemployment account in the unemployment trust fund; Congress would annually appropriate to this account the entire revenue from the three-tenths tax and authorize annual grants to States for administrative expenses found necessary by the Federal Administrator; after such withdrawals by the States in the first quarter of the fiscal year any surplus remaining in the unemployment account would be transferred to the accounts of the States in the trust fund; allocation of the surplus would be based on the ratio of taxable pay rolls in each State to total taxable pay rolls in the Nation; States would then be free, subject to State fiscal controls, to use their balances in the trust account for either administrative expenses or for benefits. This proposal would secure the advantages of adequate financing to all States, of flexibility in securing funds to meet either benefit or administrative requirements, and of eliminating budget controls over current State operations (long-range estimates for Fed-

eral budgetary purposes would still be necessary). The plan would require Federal budgetary review and determination of necessary amounts for State administration as a condition of allocating of the pooled administration account, so there would continue to be irritation over Federal budgetary procedures. The plan would give almost complete discretion to States in charging withdrawals from the trust fund either to benefit payments or to administrative expenses, once transfer from the unemployment account to the trust-fund accounts had been made. It would deprive the Federal Government of all revenues from the three-tenths percent pay-roll tax.

3. The third proposal that has received serious consideration has not been embodied in bill form. This would raise the State's tax offset credit from 2.7 percent of the 3-percent tax to 2.9 or 2.95 percent; the State legislatures would determine amounts actually necessary to be withdrawn from the unemployment trust fund for administration; the remaining 0.1 or 0.05 percent would go to the general fund of the Federal Treasury, where it would be used (a) for making flat grants to complying States to assure adequate appropriations for administration; (b) for paying Federal administrative costs; (c) for maintaining the Federal loan fund now scheduled to expire January 1, 1950. This plan would do away with the problem of finding an acceptable statutory formula for Federal grants; it would permit States to assume responsibility for determining administrative expenses over and above the Federal allowance; it would eliminate much detail in present Federal budgetary procedures, would restrict Federal control over expenditures to those necessary to secure the flat grant. Objections to the plan are the problem of determining the appropriate size and method of allocating the grant, the possibility that legislatures in poor States might refuse to supplement a fixed grant adequate to maintain a minimum employment security operations, and, finally, the inflexibility of State legislative procedures in meeting contingency needs.

There has been practically no serious discussion of transforming the method of financing administration of employment security to a Federal grant-in-aid basis, partly because of the lack of agreement on an appropriate statutory formula, and partly because of the relative success with which the Federal Government has discharged its responsibilities for paying 100 percent of the administrative cost of the system. The basic question of public policy for Congress to determine is whether the national interest in employment security requires the Federal Government to provide adequate administration and control over State expenditures for employment security.

Of the three methods described for turning over to the States the determination of expenditures for employment security, plan 1, providing for 100-percent tax offset credit to the States, would go furthest

toward eliminating Federal controls and to remove assurance of flexibility and adequacy in financing State systems. It would provide no funds to cover the cost of Federal tax collection and administrative functions, and would provide Federal controls only to the extent that State laws would have to contain provisions necessary to comply with conditions specified in the Federal tax laws. Plan 2, providing for the annual merging of State benefit and administration accounts in the Federal unemployment trust fund, would retain Federal control to the extent of determining and appropriating the amount the Federal Government thought necessary for State administration, but once the balance in the administration account had been transferred to the benefit account, the States would be free to make their own final determination of withdrawals necessary for either benefit payments or administration. It also would make no provision to meet the cost of Federal tax and employment security administration. Plan 3, providing for raising the State tax offset credit to 2.9 or 2.95 percent and for a flat minimum Federal grant to all States, would allow such Federal controls as might be attached to the receipt of the flat minimum grant, and would meet the requirement of providing funds for Federal administrative expenses. From the standpoint of insuring adequacy of funds in all States, either 2 or 3 is preferable to 1. But plan 2 assumes that the Federal Government has no interest in maintaining the solvency of State benefit reserves by preventing withdrawal from such reserves for administrative purposes. Plan 2 is probably the most flexible and equitable of the three, but it permits use of benefit reserves for administration, and fails to provide funds to meet the costs of Federal administration. Plan 3 would combine the elements of major State financial responsibility on the one side, and the Federal interest in maintaining the minimum adequacy of administration, solvency of State funds, and in securing reimbursement for its own administrative expenses.

#### PROPER LOCATION OF THE UNITED STATES EMPLOYMENT SERVICE AND BUREAU OF EMPLOYMENT SECURITY

Apart from the issue of administrative financing, the principal source of Federal-State friction in employment security lies in the relation between unemployment compensation and employment service functions at the Federal level. It is now generally agreed by both Federal and State officials that it is desirable to integrate fiscal and administrative review of the two State programs under the supervision of the same Federal department. It is also generally understood by Federal and State officials that placement operations should not be subordinated or neglected in favor of paying unemployment compensation claims, and that certain employment service functions

(notably occupational analysis, testing, reporting, counseling, and placement standards and procedures) should not be merged with unemployment compensation work.

These points of agreement emerged clearly during the hearings and debates over President Truman's Reorganization Plan No. 2 in 1947 and Plan No. 1 of 1948. The organizational issue is therefore primarily a question of location and coordination. The main points of controversy were (1) whether employment security should be administered in connection with other labor and employment relations, functions, rather than in connection with other social security, educational, and public health functions; (2) whether the Secretary of Labor should be entrusted with administering the certification and administrative functions under title III of the Social Security Act when he is charged with "fostering and promoting the welfare of wage earners and their opportunities for profitable employment."

With respect to the first point:

1. Employment offices and unemployment compensation are more closely related to each other than to other social security, educational, or public health programs. Both are Federal-State programs dealing with problems of employers and employees, hiring and lay-off, job stabilization, personnel, and labor-management relations. Neither has any comparable relation to public assistance or grants to States for education and public health. Old-age and survivors insurance is a completely Federal program, with different coverage and different administrative procedures from unemployment compensation. Insofar as old-age insurance might be merged with unemployment compensation as to coverage, it would have a closer administrative relation to wage experience and conditions of employment than to education, public health, or public assistance.

2. Employment security has close operating relationships with other employment and labor functions: in research with the Bureau of Labor Statistics and the Women's Bureau, in training with the Apprentice Training Service, in conditions of employment with the Wage and Hour Division and the Bureau of Labor Standards.

3. In the States, the employment security agency is not located in the State welfare, health, or education department, but is either located in the State industrial commission or labor department (15 States), in a department with other labor functions (6 States), or in an independent employment security or unemployment compensation commission (30 States). The States thus either consider employment security as an employment function requiring coordination with other such functions, or give it a separate status. They do not merge it with public assistance, health, or education.

4. Personnel engaged in employment service and unemployment compensation problems acquire the same basic training, familiarity,



and experience with labor and employee relations problems, and do not develop professional interest or concern with problems and techniques of public health, education, or welfare administration. Neither employers nor employees wish public policies concerning their interests to be administered from a professional social worker viewpoint.

5. The Employment Service (together with unemployment compensation) is a vital and necessary segment of the functions of any agency charged with administering Federal policies with respect to the labor market, working conditions, and labor-management relations.

### **Employment Security on the Railroads**

The Railroad Unemployment Insurance Act of 1938, as amended, provides that the Railroad Retirement Board shall collect from employing carriers subject to the law and from individuals representing employees a 3-percent tax on pay rolls (up to \$300 a month for each covered employee). The Board is required to deposit its collections with the Treasury. The Treasury disburses benefit payments as directed by the Board "prior to audit and settlement by the General Accounting Office," subject only to appeal by any claimant to a United States district court. Three-tenths of 1 percent of tax collections are made available for administration, subject to the requirement that the Board must turn over to the benefit (appropriated) account at the end of each fiscal year all money in excess of \$6,000,000. The law also stipulates that all tax collections credited to the Board shall be permanently appropriated to the Board, and that the administration fund may include such amounts as Congress may appropriate for expenses necessary or additional to administration. The effect of these provisions is that while Congress each year reviews the Board's estimate of tax collections and necessary administrative expenses, its appropriation to the Board of all taxes collected does not prevent the Board from charging expenditures for administration up to the limits of the revenue from the three-tenths of 1-percent tax. The congressional appropriation for administration is simply a part of the larger appropriation of estimated total tax collections, to be accounted for each year by showing the estimate of obligations for administration in relation to the status of the entire appropriated account. Thus Congress has bound itself to finance the railroad employment security system as a separate revolving fund, independent of fiscal controls other than the annual appropriating procedure, and which is replenished each year by the amount of the Board's tax collections.

The jurisdiction of the Board and the coverage of the railroad retirement and unemployment insurance acts are identical and are restricted to the railroad industry. The system is therefore a special employment

security system for this industry, merging the functions of permanent retirement and security from the risks of temporary unemployment. The administration of the two programs also has been merged, although the procedures of processing and determining retirement claims differ from those of unemployment and sickness compensation. The Board contracts with the carriers for the services of supervisory employees who take all types of claims. Retirement claims are sent to the Board's central offices in Chicago for processing and determination; unemployment compensation and sickness claims are sent to the Board's 9 regional offices; claimants for unemployment compensation are required to file applications for jobs which are sent to the nearest of the Board's 110 field offices.

The field offices investigate claims for all types of benefit, maintain an interviewing and information function for both claimants and carriers, and provide placement services for unemployment compensation claimants. In the central offices of the Board, the Division of Employment Service is a division of the Bureau of Employment and Claims. The Division prepares all instructions of the Bureau affecting field offices; supervises field office operations; and analyzes the field offices' operating reports. It thus performs the work of a division of field operations covering the taking, investigation, and processing of claims, and placement work of the Board. Thus in the central, regional, and field offices, the work of placement and compensation has been scrambled, and there is no segregation of work or cost figures between employment service and benefit payment operations.

Although during the war, when the Board controlled all hiring in the railroad industry, the number of placements rose to over 600,000, in 1948 this figure fell to less than 50,000. A few placements are made by referral to local State employment offices, but this is small because most railroad employees expect to be reemployed in the railroad industry. Seniority and rehiring provisions of union agreements limit to a relatively small number any placements that the State employment offices might make directly to railroads or by referral to the Railroad Retirement Board's field offices. Nothing would be gained in the way of efficiency by transferring the Board's employment service functions alone to the State employment services.

With respect to unemployment compensation, the proportion of covered pay roll subject to the 3 percent tax, and the benefit structure of the railroad system differ from the State laws. In its administration, the railroad system is completely Federal. The carriers perform services for the Board in taking and verifying claims but they do so under a Federal contract. The higher and broader scale of benefits under this separate industry arrangement than the State unemployment compensation laws would result in bitter opposition from labor organizations to breaking this system up and compelling railroad em-

employees to seek benefits and placement service from the State employment security systems. While technically it would be feasible to have the railroads pay taxes to the States, it would be much more complicated, and would reverse the whole trend toward standardization in railroad operation and Federal regulatory legislation. Unless the retirement system were extended to universal coverage, and unemployment compensation were made a Federal function, the factors of efficiency, benefits, employee satisfaction, and tradition weigh heavily against transfer of responsibility for financing and administering railroad employment security legislation to old-age and survivors insurance and the States.

## **Other Relationships of Employment Service and Unemployment Compensation at the Federal Level**

### **FULL EMPLOYMENT POLICY**

Under section 4 (e) (2) of the Employment Act of 1946, the Council of Economic Advisers in the Executive Office of the President, in preparing and making recommendations to the President for his annual Economic Report, calls upon the Department of Labor among other Federal agencies for information and assistance. Much of this information is statistical, including data on wages, prices, and the distribution of employment by industry, occupation, and locality. The United States Employment Service and Bureau of Employment Security are the major sources of information on employment by labor market area and by States, and in two annual reports the council has drawn attention to the importance of improving the utilization of labor by improving the processes of employment training, counselling, and placement in relation to employment opportunities. The facilities of the Bureau of Labor Statistics, Employment Service, and Bureau of Employment Security are the primary sources of information about the industrial and geographical utilization of the labor force, and the relation of wage differentials to the distribution and movement of manpower. Although the labor force series of the Census Bureau may be the better information upon which to base the over-all objectives or goals of total employment, it is clearly desirable to coordinate the activities of the other agencies to follow up and observe actual trends and shifts in the distribution of the employed part of the labor force.

## **Summary and Conclusions**

### **ORGANIZATION**

1. The Director of the Employment Administration should establish a single Office of Field Operations, responsible for all functions

of administrative control and fiscal review, promulgation of standards and regulations, and handling formal relations with the State employment security agencies. This office would have direct supervision of regional offices. Separate staff divisions should be retained for carrying on specialized employment office standards and services.

2. The Veterans Employment Service should be abolished as such, and its functions transferred to the Employment Administration. Special attention to veterans' employment problems and liaison with the Veterans Administration should be delegated by the Director to an Assistant for Veterans' Affairs. The veterans' employment representatives in the States should be transferred to the State employment services.

3. The Veterans Reemployment Rights Division should be transferred to the Selective Service Administration or to the Department of Justice.

## FINANCING

1. The tax offset method of financing the payment of unemployment benefits should be retained. It is effective in inducing the States to comply with Federal standards, and is compatible with a great degree of autonomy in fixing employer tax rates and in determining the amount and duration of benefits.

2. The issue as to whether the Federal Government should relinquish its interest in insuring adequate administration of employment security to the States is highly debatable. The extent of Federal control over budgetary, fiscal, and administrative procedures is perhaps excessive, but the State agencies continually complain that grants are insufficient and deficiency appropriations are practically an annual occurrence. On the other hand, State systems have not broken down for lack of funds, and the allocation of Federal grants seems to have followed, at least in result if not by intent, the proportion of covered workers in each State to the total covered workers in the Nation. No single-factor statutory formula appears to be feasible. If Congress should decide that it is more important to place financial responsibility for administration in the hands of State legislatures than to maintain Federal responsibility for adequate administration, two factors should be kept in mind:

a. The Federal Government should not permit the 2.7 percent tax to be diverted for administrative expenses by the States.

b. The Federal Government should retain some percentage of the 3 percent tax for Federal administrative expenses in connection with employment security, for operating a loan or contingency fund, and for making flat grants sufficient to meet the minimum needs of the

dozen States whose collections for administration do not meet administrative costs considered necessary by the Federal Government. These conditions would permit raising the offset to perhaps 2.9, and segregating the revenues from the difference between 2.7 and 2.9 in the Federal unemployment account to be available for withdrawal by the States for administrative expenses.

## **Chapter V**

# **ENFORCEMENT AND PROMOTION OF EMPLOYMENT STANDARDS**

Protection of the health, safety, and morals of wage earners was a subject of State legislation and constitutional controversy for 70 years before the Supreme Court decision in 1937 that finally upheld the Washington minimum-wage law. This decision seemed finally to confirm the power of the States to regulate conditions of employment, including industrial safety and health, workmen's compensation, hours of work, collection of wages, and child labor. The prevailing purpose and standard in State minimum-wage laws is to provide the amount necessary to support a single woman living alone according to minimum standards of health and decency, although many State laws permit variations from this standard by authorizing separate wage boards to set minima for different industries. Before the constitutional rights of the States were settled, however, the Federal Government had begun to seek national economic objectives through wage and hour legislation, on the several grounds that it was necessary (1) to raise living standards of low-wage groups in order to remove barriers to interstate commerce, (2) partly to prevent or modify extreme nationwide economic fluctuations, and (3) to remove unfair competition in commerce through the establishment of legal minimum or prevailing wage rates.

Nullification of the National Industrial Recovery Act and the first Bituminous Coal (Guffey) Act seemed to deprive the Federal Government of any implied authority to control economic fluctuations by direct manipulation of wage levels. Nevertheless, congressional and judicial recognition of the other objective has given the Federal Government considerable power to stabilize money wages, both indirectly through the establishment of a national minimum, and directly in the case of wages in the construction industry on public works contracts.

## **Mandatory Standards of Employment**

### **FEDERAL PUBLIC WORKS CONSTRUCTION**

The Bacon-Davis Act of 1931 (46 Stat. 1494) requires that advertised specifications for every contract for the construction, alteration, or repair of Federal buildings and public works in excess of \$2,000

shall contain a provision stating the minimum wages to be paid the various classes of mechanics and laborers employed on the project. These minimum wage scales must be based upon the wages determined by the Secretary of Labor to be prevailing for corresponding classes of laborers and mechanics employed on similar projects in the city, town, village, or other civil subdivision of the State, Territory, or District of Columbia. The Secretary is required to perform a similar function for construction financed under the National Housing Act (53 Stat. 807), the Tennessee Valley Authority Act (48 Stat. 59), and the Federal Airport Act (Public Law 377, c. 251, 79th Cong., 2d sess.).

Prevailing wage determinations thus vary by locality, and they include rates for all classes of skilled workers above the minimum. The agency contracting officer requests the Secretary to make such determinations in advance of the advertising of bids, and since the statute does not provide for review of his predeterminations they are apparently final. The Solicitor of Labor makes the necessary investigations, either into the records of the Department or other Federal agencies, or if the Solicitor considers such information insufficient to make a determination he may appoint a referee to conduct a field investigation in the locality of the project. The Secretary of Labor has delegated his functions of making the formal determinations to an assistant secretary. In 1947 determinations were made in over 9,000 cases, more than 3,600 above the number in 1946.

Enforcement of contracts based upon the wage determinations of the Secretary of Labor is a responsibility of the contracting agency, which may withhold so much of the accrued payments from the contractor as it deems necessary to reimburse employees for the difference between the contract wages and the received wages. This policy follows the pattern established in the 8-hour laws on Federal public works (37 Stat. 726) and the Copeland Act of 1934 (48 Stat. 948), which made the "kick-back" of wages by employees on Federal public works under force, intimidation, or threat of dismissal subject to \$5,000 fine or 5 years' imprisonment. The latter law gave the Secretaries of Interior and Treasury, jointly, authority to make reasonable regulations for contractors on such work. Reorganization Plan No. 4 of 1940 transferred this power to the Secretary of Labor, who has in turn delegated his functions of interpretation and rule-making under these laws to the Solicitor.

#### FEDERAL SUPPLY CONTRACTS

The Walsh-Healey Public Contracts Act of 1936 (49 Stat. 2036) requires that all Federal contracts for the manufacture or furnishing of materials, supplies, articles, and equipment in any amount exceeding \$10,000 shall include stipulations providing that all persons employed

under the contract shall receive no less than the minimum wages determined by the Secretary of Labor to be the prevailing minimum wages for similar work or in similar industries in the locality where the work is to be performed. No person shall be employed for more than 8 hours in any one day or 40 hours in any one week, except as the Secretary of Labor may by rule and regulation permit at the rate of one and one-half times the basic hourly rate of the affected employee. No male person under 16, female person under 18, or convict labor shall be employed. No part of the work under such contracts will be performed under conditions which are unsanitary or hazardous or dangerous to the health and safety of employees (compliance with the safety, sanitary, and factory inspection laws of the State in which the work is performed is made prima facie evidence of compliance with this provision).

Findings of violations are the responsibility of the Secretary of Labor. Violators are subject to cancellation of the contract by the contracting agency; they are liable for liquidated damages of \$10 per day for each minor or convict laborer knowingly employed in performance of the contract; they are ineligible for other contracts for 3 years from the date of the determination of violation, and they are liable for any underpayment of wages through withholding of amounts due or through suits by the Attorney General. Minimum wages set under this law may and do vary by locality and industry. They may be above the minimum established by other State or Federal law, and are arrived at as the predominating rate in the area for common or unskilled labor. Public contracts determinations thus do not establish rates for grades of work above the minimum. The actual wage is not included in the contract under the Walsh-Healey Act; the law does not take effect until the administration establishes the minimum prevailing wage, either on his own initiative or upon information from a Government contracting agency. The definitions of "industry" and "locality" covered by wage determinations are both narrow and broad, and they do not follow a discernible pattern.

The Secretary of Labor has delegated general responsibility to the Administrator of the Wage and Hour Division; with respect to minimum wage determinations, exceptions, and modifications of contract terms, inspection of establishments for violation, and disbursements of recovered amounts to employees, the administrator alone makes recommendations to the secretary. In connection with formal legal actions and enforcement proceedings, however, the secretary has divided responsibility between the administrator and the Solicitor of Labor. The result is that these functions have come to be performed by members of the solicitor's staff. Regional attorneys under the solicitor initiate formal actions and perform the trial work. Trial examiners conduct the hearings and make the initial decision on the



evidence. A bureau service section reviews the record and prepares the draft of the administrator's decisions. An interpretations section issues interpretive rulings. The Solicitor maintains an internal separation between the trial examiners and the staff attorneys, and has revised all procedures to conform with the Administrative Procedures Act of 1946.

#### EMPLOYEES ENGAGED IN COMMERCE OR IN THE PRODUCTION OF GOODS FOR COMMERCE

Since October 24, 1945, the Fair Labor Standards Act (52 Stat. 1060) has required all employers to pay each employee who is engaged in commerce or in the production of goods for commerce (except on 11 exempted classes of work) wages at not less than 40 cents an hour, except as an industry committee appointed by the administrator may recommend and he may find that a wage between 30 and 40 cents an hour may be necessary in order to prevent substantial curtailment of employment in the industry. Learners, apprentices, and handicapped workers may be employed at less than the minimum pursuant to regulations issued by the administrator.

Since October 24, 1940, all but exempted employers have been required to pay any employee thus engaged for a workweek in excess of 40 hours at a rate not less than one and one-half times the regular rate at which he is employed (exceptions are made in cases of annual wage guarantees or hours restrictions on a semiannual basis made pursuant to collective bargaining agreements with labor organizations certified by the National Labor Relations Board as bona fide, and in industries found by the administrator to be seasonal where the overtime payment provisions do not apply for a period not to exceed 14 weeks in the aggregate in any calendar year until the limits of 12 hours per day and 56 per workweek are reached. The same law prevents the shipment in commerce of goods produced in any establishment in which oppressive child labor has been employed. Oppressive child labor is defined as the employment of minors under 16 in manufacturing or mining industries, or of minors 16 or 17 years of age in occupations declared by the Secretary (formerly chief of the Children's Bureau) of Labor to be particularly hazardous or detrimental to their health and well-being.

The Secretary is permitted to make exemptions by certificates issued under appropriate regulations, and he is directed to provide by order or regulation that employment of minors aged 14 and 15 shall not be deemed to constitute oppressive child labor if and to the extent that the Secretary determines that such employment is confined to periods that will not interfere with their schooling and to conditions that will not interfere with their health and well-being. (The coverage of the child labor provisions of the law does not extend to establishments or

employers engaged in commerce.) Violations of the law are subject to a \$10,000 fine, 6 months' imprisonment (after second offense), and to employee liability suits for double the amount of unpaid wages or overtime compensation.

Although it is estimated that the Fair Labor Standards Act covers some 550,000 establishments and over 20,500,000 employees, it is estimated that in 1946 less than 1 percent of workers in manufacturing industries received less than 50 cents an hour. (By 1948 this had fallen to less than 0.1 of 1 percent, and less than 5 percent receive less than 65 cents an hour.) Nevertheless, over 3,600, or 9 percent of the 40,350 establishments inspected by the Wage and Hour Division in fiscal year 1947 were found in violation of the minimum-wage provisions. A much higher percentage, 47, were overtime violations, and 5 percent were violations of the child-labor provisions. Violations unadjusted by voluntary compliance are taken into Federal district court by regional attorneys on the Solicitor's staff, acting under the general direction of the Attorney General. Of the 450 actions brought during 1947 about 180 were criminal and 270 were civil. Of some \$18,500,000 back wages reported due in 1947 almost \$9,000,000 was ordered paid or agreed to by employers.

The principal interagency relationships of the Wage and Hour Division are with (1) the Apprentice Training Service, in formulating regulations for exemptions of learners and apprentices, (2) the Employment Service and Office of Vocational Rehabilitation on similar regulations, for handicapped workers, (3) the Women's and Children's Bureau in securing information upon working conditions of working women and child labor, (4) State labor departments and industrial commissions in working out cooperative arrangements for performing inspection services and issuing certificates for employment of minors under suitable protective regulations. Cooperative arrangements with States for making plant inspections have not proved successful, and have been terminated in all but two States.

The other Federal agency having mandatory authority over minimum wages in private employment is the Maritime Commission, which under title III of the Merchant Marine Act (49 Stat. 1985) is empowered to investigate working conditions on ocean-going vessels and to prescribe minimum wages, manning requirements and reasonable standards for working conditions of seamen. These standards are included in contracts whereby private owners and operators of shipping vessels receive "operating-differential" subsidy payments from the Government. The contracts fell into disuse when the Government requisitioned and operated the ships during the war, but have come into operation again with the return of shipping vessels to private operation. Working standards for seamen have become a matter of international negotiation carried on by the Labor Department through

the International Labor Office, and are closely related to the wage determination work of the Labor Department on public contracts and minimum wages in commerce generally.

The question of whether to continue the segregation of responsibility for establishing minimum wages and working conditions for seamen in the foreign shipping industry depends upon (1) the degree to which the Maritime Commission exercises operating managerial responsibilities over the industry, (2) the extent to which minimum wages and working conditions in shipping are sufficiently different from the national minimum established in the Fair Labor Standards Act to justify differential treatment and determination. Restoration of ownership and operation to private hands would make it desirable to insure that wage standards at least, if not overtime, are not lower than the national minimum, which is the responsibility of the Wage and Hour Division.

## **Promotion of Improved Standards of Employment**

### **COOPERATIVE RELATIONS WITH STATE AGENCIES**

Under the authority of the organic law of the Department "to foster, promote, and develop the welfare of the wage earners of the United States (and) to improve their working conditions" the Secretary of Labor in 1934 established by administrative order a Division (now Bureau) of Labor Standards. Authority for the Bureau rests upon the annual appropriation act, the language of which for 1949 read: "For expenses necessary for the promotion of industrial safety, employment stabilization, and amicable industrial relations for labor and industry . . . including expenses for attendance of cooperating officials and consultants at conferences concerned with the work of the Bureau when called by the Bureau with the written approval of the Secretary . . ." The Bureau acts as the principal arm of the Department for developing cooperative relationships with the State departments of labor and industry. It arranges working agreements for joint activities in the fields of wage and hour, industrial safety, and homework inspections; promotes acceptance of the standards adopted by the International Labor Organization; prepares analyses and formulates standards of State labor legislation and administrative practice; promotes industrial safety programs by providing technical assistance to employers and State agencies in applying such standards.

The powers of the Bureau are voluntary,<sup>1</sup> and its methods of opera-

<sup>1</sup> The Bureau exercises the functions of the Secretary of Labor under secs. 9 (f) and (g) of the Labor-Management Relations Act (Public Law 101, 80th Cong.), requiring labor organizations seeking certification as collective-bargaining representatives to file certain information with respect to their organization and finances in such form as the Secretary may prescribe.

tion consist in research, acting as an educational agency and a clearinghouse for the dissemination of information, and in the conduct of an annual conference of State labor commissioners. It thus acts as a service agency, providing upon request information and technical assistance to State labor, employer, and civic groups interested in standards of good practice in improving conditions and relationships of employment.

## EDUCATION IN INDUSTRIAL RELATIONS

A major interest of the Bureau is the provision of materials and reports upon standards of employer-employee relations. It has developed manuals of good practice in grievance procedure for union stewards and personnel managers; working materials for university and union classes in collective bargaining and arbitration procedures; and methods of wage payment in industry, and administration of workmen's and unemployment compensation laws. Through the cooperative relationships established with States and universities, the Bureau has sought to expand these clearinghouse and research functions into a broad program of education in industrial relations by means of a grant-in-aid program operating through a State extension service.

## INDUSTRIAL SAFETY AND HEALTH <sup>2</sup>

Perhaps the oldest activity of labor departments in American States and in foreign countries is the administration of laws requiring employers to provide safe and sanitary conditions of employment. This responsibility as defined in legislation varies widely, but the activities involved include accident and disease prevention, hours and shifts of work, work clothing, sanitary facilities, methods of reducing fatigue, lighting and ventilation equipment, plant inspection, and standards of workmen's compensation. Accident and disease prevention in places of employment are closely related, and most factory legislation has given to the State labor department the authority to make rules and regulations and the right of entry to inspect plants to determine compliance with legal requirements of safe and healthful conditions of employment. A major portion of the research, standards, and technical services of the Bureau of Labor Standards has been devoted to the promotion of industrial safety and health in the States.

Title VI of the Social Security Act (now title III, part B of the Public Health Service Act of 1944) injected an element of conflict

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<sup>2</sup> The responsibilities of the Interstate Commerce Commission and the Civil Aeronautics Board for safety promotion in the railroad and air transport industries are clearly established as desirable subjects for direct Federal supervision and specialization by the agencies dealing with the industry as a whole.

and friction at the State level between the labor and health departments. This title permitted the United States Public Health Service to make grants to the State health departments (amounting to approximately \$1,000,000 a year) for industrial hygiene services without the necessity for the States to match Federal funds. Under these circumstances State legislatures have discontinued making substantial appropriations to labor departments for enforcement of factory inspection laws. Since the health department in most cases provides only those health services that are of a research, demonstration, and promotional character, the result has been not only to reduce the quality of enforcement work but to establish two overlapping departments at the State level dealing with management on plant working conditions.

Since 95 out of 100 work injuries are related to plant engineering and chemical conditions rather than medical factors, the Federal Public Health Service has encouraged the States to broaden their health activities to include accident prevention, safety organization, hours and other conditions of employment, without assuming responsibility for the unpopular task of enforcement. Efforts of the Bureau of Labor Standards to draw attention to these events, and to secure authorization for Federal grants for improving enforcement of occupational accident and disease prevention programs in the States, has resulted in the removal from the Bureau's appropriation language the words "and health" from its former authorization to promote "industrial safety and health."

A conceivable solution would be for Congress to transfer complete responsibility for accidents as well as disease prevention in industrial employment to the Public Health Service, and thereby suggest to the States that they transfer the entire function of accident and disease prevention to their health departments. Presumably, however, this would involve coercion in an internal matter of State administrative organization, and would run counter to the whole tendency in the advanced industrial States to centralize responsibility for inspection and law enforcement in the labor department. The alternative solution, which has seemed reasonable to the State of California (by informal agreement between the directors of industrial relations and public health), the Bureau of the Budget, to the Public Health Service (at one time) and to the Bureau of Labor Standards, would be to establish a functional division of labor.

Such a division of functions would make the labor department responsible for the formulation of rules and regulations concerning the safety and health of employees in consultation with the health department, and for inspection of plants for violation of industrial safety and sanitary laws, while the health department would be responsible for research and laboratory tests in industrial hygiene,

specific plant surveys and formulation of plant health programs, educational activities in industrial hygiene, and for providing technical services upon request of the labor department.

This arrangement would be enforced by a restriction upon the use of Public Health Service grants for law-enforcement activities in connection with accident prevention, and by provision of funds for grants to State labor departments for recruitment and training of personnel in industrial accident and disease prevention, and for the improved administration of State laws regulating conditions of employment. This plan does not impose an impracticable distinction between working conditions having to do with employee safety and health; it confines the two agencies to the activities they both properly, and formally, seek to perform; it clarifies the responsibility and provides for consultation and mutual cooperation in the processes of enforcement.

The Coal Mines Inspection Act of 1941 (55 Stat. 177) provided for direct Federal inspection of coal mines by the Bureau of Mines (Interior Department), with the power to notify employers, employees, and State officials of the existence of safety or health hazards. This law was passed at the urging of the United Mine Workers, who insisted that most of the 30 States with mine-inspection commissions or bureaus had failed in the enforcement of mine safety laws, largely because of the ability of mine operators to persuade State inspection officials to adopt extremely lax standards in inspection and application of penalties.

The Federal law, under which approximately \$4,000,000 is appropriated annually, insures no greater application of penalties but is intended to provide assurance at least that the operators will be put on advance notice that specific hazards to safety and health should be removed. The administrative effects of this law have varied. In States where there is a strong, nonpolitical, mine safety division the Federal activity only duplicate its work; in other States, Federal inspection removes the incentive to eliminate political appointments and to raise standards of inspection and enforcement. Although there is little basis for questioning the validity of the congressional decision that mine workers' safety and health required Federal assumption of responsibility for inspection, as long as the enforcement responsibility remains with the States it would seem desirable to strengthen State administrations rather than provide a supplement or substitute for it.

On the State level, there is a clear parallel here with the problem of the Bureau of Labor Standards in improving administration of State safety and health laws in industries other than mining, although there has never been any suggestion that the Bureau undertake inspection functions directly. From the standpoint of conformity with the established pattern in Federal-State relations, strengthening of State

administration would call for Federal matching grants-in-aid, subject to Federal supervision of standards providing that State personnel be appointed and removable only on a strict merit basis.

If such a grant-in-aid program were adopted, the Bureau of Mines inspection functions should be merged with it, placed on the same basis, and the entire program administered by the Department of Labor. As long as the Department of Labor has no fiscal or administrative responsibilities other than those of a research and educational character, the Federal Government's direct relations with the mining industry may just as well be centralized in the Department of Interior (along with other energy resources) and Bureau of Mines.

### CHILD LABOR AND YOUTH EMPLOYMENT

The act of 1912 (37 Stat. 79) creating the Children's Bureau made that agency responsible for investigating, reporting, and coordinating activities of the Federal Government with respect to problems of children and child life. The Fair Labor Standards Act of 1938 made the Chief of the Children's Bureau responsible for promulgating rules and regulations with respect to the exemption provisions of the law permitting children less than 16 to work in occupations other than manufacturing and mining, and those of 16 and 17 in nonhazardous occupations, and for making administrative determinations of violations that should be prosecuted in the courts. Down to 1946 these activities (except factory-inspection work which was given to the Wage and Hour Administration) were performed in the Industrial Division of the Children's Bureau. The President's Reorganization Plan No. 2 of that year transferred the Bureau to the Federal Security Agency, leaving the research, rule-making, and enforcement functions of the Industrial Division in the Department of Labor.

The Secretary of Labor separated the research and standards-setting functions from the formal rule-making and enforcement responsibilities, delegating the former to the Bureau of Labor Standards and the latter to the Wage and Hour Division. The Department of Labor Appropriation Act of 1948 eliminated funds for research and promotional work from appropriation item for the Bureau of Labor Standards, necessitating transfer of all child-labor and youth-employment responsibilities to the Wage and Hour Division.

The accompanying over-all reduction in appropriations necessitated further elimination of personnel, so that from the subsequent reorganization there emerged a Child Labor Division under the Wage and Hour Administrator with fact-finding functions limited to supervision of the enforcement of the child-labor provisions of the Fair Labor Standards Act. The net effect of these events has been to eliminate the basic research and standards-setting work formerly done by the Children's Bureau in the field of youth employment.

The present administrative situation places responsibility for fact finding, formulation of standards and programs in the field of youth employment, and enforcement of the Federal child-labor law in the Secretary of Labor. Under financial pressure, the Secretary has consolidated all three functions in the Wage and Hour Administration as a part of the enforcement program. An enforcement program in general does not provide a proper atmosphere or environment for the conduct of basic research.

There are two places where such research and formulation of standards might be done: (1) The Children's Bureau in the Federal Security Agency, (2) the Bureau of Labor Standards. The latter agency is engaged primarily in working with State labor departments on all types of problems in labor-law administration, and its research work in child labor consists in collaborative projects to determine the most satisfactory forms and methods of State administration. The Children's Bureau is more accustomed to the operations of design, collection, and analysis involved in basic research projects, but its approach is the much broader one of studying the child's economic relations along with other aspects of his environment, biological, psychological, and cultural. Should research be carried on in this framework, or should special emphasis be given to the problems of youth employment in the context of the employment situation in the Nation or the community, and of employer-employee relations? If it be granted that problems of study be from the standpoint of employment relations rather than the individual child, this program should remain in the Department of Labor.

#### WOMEN IN INDUSTRY

The Women's Bureau was established by law in the Department of Labor in 1920 (41 Stat. 987) with authority to investigate and report to the Secretary of Labor upon all matters pertaining to the welfare of women in industry and to publish the results of such investigations in such manner as the Secretary of Labor may prescribe. The Bureau's studies and publications include occupational opportunities for women, wages and hours in various industries, occupations, and localities, and standards of legislation and administrative practice for the improvement of their economic, civil, and political status. The Bureau has no enforcement or financial authority. Organized on a clientele, or population group, basis it overlaps in function the Bureau of Labor Statistics, Labor Standards, Employment Service, and Wage and Hour Division, to perhaps the greatest extent in the case of Labor Standards, of which it is a logical subdivision. These potential overlappings have for the most part been avoided by intradepartmental coordination.



Recognition of the bureau as a major operating division in the Department reflects efforts of certain women's organizations to focus attention on the problems of securing legislation to eliminate discrimination against working women in wages and employment opportunities, rather than by the more remote, symbolic method of constitutional amendment. Given this orientation, the location of the Department of Labor has never been brought into question.

#### INTERNATIONAL LABOR AFFAIRS

The Secretary of Labor was instrumental in securing American membership in the International Labor Organization, and down to the formation of the United Nations Economic and Social Council was the principal American delegate to international conference on labor problems. He still makes the nominations of American employer, employee, and government delegates to the ILO; he nominates advisers to the Council and to its subordinate commissions on social matters, human rights, the status of women, and the Economic and Employment Commission. The secretary has established a Trade Union Advisory Committee on International Affairs, composed of top officials of the AFL, CIO, Railway Labor Executives Association, and independent organizations, through which he is able to communicate the views of American labor on foreign affairs to the State and Defense Departments.

The Department of Labor is represented on the State Department's Executive Committee on Economic Foreign Policy. Under the Foreign Service Act of 1946 the Department is represented on the Foreign Service Board of the State Department, through which it assists in the examination, appointment and training Reserve officer labor attachés to American embassies abroad.

The Labor Department is also represented on the State Department's Committee on Occupied Areas Affairs, where it has helped to develop labor programs for occupied areas and to advise the Civil Affairs Division of the War Department on labor problems arising in administration. The Bureau of Labor Statistics is responsible for the analysis and dissemination of materials on foreign labor conditions and labor relations, the Bureau of Labor Standards and the Women's Bureau provide training facilities and materials to exchange representatives from foreign governments (principally Latin America and the Philippines) interested in American labor policy and administration.

Coordination of these activities has been vested in an Assistant Secretary of Labor, who speaks for the Department on all international matters and directs and supervises the international work of all bureaus, including formulation of policy, representation on interdepartmental committees, and clearance of all policy communications.

Liaison with the State Department has been established at the secretarial level, the secretariat of interdepartmental committees, and the Division of International Labor, Health and Social Affairs, to the end that the Department's participation in policy matters affecting labor and employment, and provision of technical services, is facilitated to the maximum extent.

The Department's assumption of responsibility for providing technical services of research, training and advice on labor questions, establishing liaison with the labor movement on foreign labor conditions and policies, and for participation on committees on matters involving foreign policy, appears to be the appropriate administrative relationship between a subject-matter department and the department responsible for the conduct and coordination of foreign affairs.

### Summary

1. Regulation of employment standards is an established function of the Federal Government, partly as a means of preserving prevailing wage rates in the construction industry on Federal public works contracts, and partly to promote economic stability by establishing a national wage floor for economic competition. These functions are centralized in the Labor Department, with the exception of the enforcement responsibilities in connection with contract violations, and the Maritime Commission's function of setting minimum wages in operating-differential subsidy contracts with private American companies engaged in foreign shipping. These are appropriate functions of the Labor Department, to which they should be transferred in connection with clarifying amendments to the coverage and exemptive provisions of the Fair Labor Standards Act.

2. Federal regulation and promotion of employee safety and health has followed four varying patterns. The Interstate Commerce Commission and the Civil Aeronautics Board directly supervise and enforce safety and health standards in the railroad and air transport industries without regard to the States. The Bureau of Mines inspects all properties in the mining industries, with power to notify and publish all cases of safety and health hazards. The Public Health Service makes unmatched grants to the States to establish industrial hygiene services in State health departments, and the Bureau of Labor Standards in the Labor Department formulates advisory standards and furnishes technical assistance to State labor departments in the administration of State safety and health laws.

a. The nature of the responsibilities of the ICC and the CAB over their respective industries makes it desirable for them to retain jurisdiction over employee, as well as traveler, safety and health.

b. In the absence of a general program of Federal regulation of employee safety and health, the jurisdiction of the Interior Department and the Bureau of Mines over the mining industry in matters of research, technology, production, and marketing properly includes inspection of working conditions. Enforcement responsibilities remain in the hands of the States, where in all but a few cases administration of safety and health laws has been weak, there would be no point in transferring the Federal mine inspection function to the Department of Labor. Transfer would be meaningful only as a part of a broad Federal program for improving State safety and health laws, with supervision and maintenance of strong standards of merit in appointment, promotion, and tenure. In this case the Bureau of Mines inspection duties could be turned back to the States, and its supervisory work transferred to the Labor Department.

c. Industrial hygiene is inseparably associated with accident prevention and enforcement programs of the Federal and State labor departments, and its promotion is more a problem of plant engineering and sanitary working conditions established by labor laws and industrial relations policies than by techniques of general public health, such as venereal disease and tuberculosis. The State labor departments should be enabled to develop their enforcement functions of employee safety and health, and the State health departments encouraged to confine their responsibilities for industrial hygiene to the areas of research, demonstration, and health education.

**Part Five**

**RELIEF AND SOCIAL SECURITY**



## INTRODUCTION

Prior to 1929 the National Government played a very small part in relief and it had adopted no Nation-wide formal systems for assuring reasonable social security to individuals either directly or through Federal grants-in-aid to the States. The major developments in national activities have taken place within the past 18 years.

In the United States, as in foreign countries, the national activities were developed piecemeal by categories or programs with very little consideration of interrelationships and the problem as a whole. The National Government in the thirties was under heavy pressure because of the depression and the resulting demand for immediate action. With thousands of people in need, time did not permit of the analysis and mature deliberation that is essential to see the problem as a whole and to develop an integrated program that is well adapted to the American form of government and the American economic and social system.

The American Federal system of government was moreover a complicating factor, especially in the early days of the period. According to the constitutional law as it had been previously interpreted by the courts, the National Government had no direct authority in the fields of relief and social security. National legislation had therefore to be framed with careful consideration of the probable attitude of the Federal courts, especially of the Supreme Court. As that court reinterpreted the Constitution, especially with respect to the clauses relating to interstate commerce and the general welfare, the National Government gained greater authority and freedom. As a result the various laws establishing programs were not drafted upon a reasonably uniform concept of the division of powers between the Federal Government and the States.

State governments and their subordinate county and municipal governments in the depression were moreover often in great financial difficulties whereas the National Government with its almost unlimited borrowing power could proceed for years, as it did, on a basis of deficit financing. The situation was one highly conducive to opportunism at all levels of government and to experimentation, often without much consideration of the relationships between the experiments.

The Commission on Organization of the Executive Branch of the Government was created to review and appraise. Its mandate requires not only elimination of overstaffing and duplication among Federal agencies but also curtailing and limiting the functions, ac-

tivities, and services of the National Government. A major way of curtailing and limiting the functions and activities of the National Government obviously lies in reconsideration of Federal-State relationships and in studying the interrelationships and coverage of legislation adopted piecemeal with respect to special categories.

In the field of relief and social security the problems of organizational structure within the Federal Government itself is a matter of relatively minor significance. The real issues relate to the programs themselves and, in the case of relief, not only to the programs but also to the relationships between the Federal Government and the States. As a matter of fact few definitive recommendations regarding changes in structural organization can be made until issues of broad policy are settled. This necessity for decisions with respect to policies is widely recognized.

This report on relief and social security is therefore largely concerned with these broad issues of policy. No attempt has been made to go into detailed facts with respect to the several programs. Such an effort would have resulted in an impossibly voluminous manuscript. Perhaps more important reasonably complete descriptions of the various programs can generally be supplied by the several agencies involved. The major issues, it is believed, can be broadly defined without the myriad of minute detail that is necessary in drafting laws and administrative rules and regulations.

The report will be primarily concerned with old-age and survivors insurance and with the three public-assistance categories of the Social Security Act. The opinion is very widely held, however, that if old-age and survivors insurance is retained without substantial change in basic concepts, its coverage should be made almost universal. If it should be so extended, it will present the difficult problem of how other systems are to be adjusted to it or whether they can be continued in anything like their present form. Among these systems are the Railroad Retirement System, the private systems that are being created through collective bargaining, the various systems for employees of the National Government or agencies under its general direction, including the District of Columbia, and the systems of State and local governments. The relationship between veterans' benefits and old-age and survivors insurance likewise present great difficulties.

The report deals briefly with these other systems in the effort to bring out the nature of the major issues in relation to old-age and survivors insurance. No attempt has been made to describe the veterans' benefits or the various retirement systems, public or private, in detail. Such an undertaking would have consumed far more time than was available for the study and it would have been difficult for the Commission to have passed upon the minutiae.

This chapter of the report does not deal with unemployment compensation.

## Chapter I

# OLD-AGE AND SURVIVORS INSURANCE

With these words from the concluding sentence of the Eighth Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance Trust Fund<sup>1</sup> practically all students of the subject will be in agreement:

. . . there is need for a review of the old-age and survivors insurance program, covering not only the benefit formula, the coverage of the system, and the scope of protection afforded, but also contributions and financial policy. . . .<sup>2</sup>

The need for a thoroughgoing, comprehensive review is indeed so great that it seems as if no sound conclusions as to organization and procedures can be reached until the substantive issues of policy have been reconsidered and redefined by the Congress. The present section will therefore be primarily concerned with the origin and nature of the major issues.

### The Origins of the System

The present old age and survivors insurance system had its beginnings in "title II—Federal Old-Age Benefits" of the Social Security Act, approved August 14, 1935.<sup>3</sup> The amendments to title II, adopted in 1939, virtually revolutionized the original plan and introduced many of the current issues with respect to coverage, insured status, benefits, and finance.

The original act bore many resemblances to a modern retirement system operated by an employer, public or private, as part of the personnel system. The money to pay for the benefits was to come from contributions from the employer and the employee, although for constitutional reasons contributions were taxes paid into the general treasury and Congress was authorized to appropriate into the "Old-Age Reserve Account" the sums necessary on an actuarial reserve basis to finance the system. President Roosevelt in recommending legislation had said:

<sup>1</sup> The trustees who transmitted the report were John W. Snyder, Secretary of the Treasury, L. B. Schwellenbach, Secretary of Labor, and Oscar R. Ewing, Federal Security Administrator. The trustees are required to make an annual report to Congress under section 201 (b) of the Social Security Act as amended.

<sup>2</sup> Federal Old-Age and Survivors Insurance Trust Fund, 80th Cong., 2d sess., S. Doc. No. 160, May 25, 1948, p. 32.

<sup>3</sup> 49 Stat. 620-48.



In the first place the system adopted, except for the money necessary to initiate it, should be self sustaining in the sense that funds for the insurance benefits should not come from the proceeds of general taxation.<sup>4</sup>

The original system, adopted in accordance with recommendations of the Executive, had the following characteristics that are germane to the consideration of present problems.

1. The money necessary to pay the benefits was to come from special pay-roll taxes levied against covered employers and employees. No large contributions from general revenues toward benefit costs were provided.

2. The pay-roll taxes, starting at 1 percent each on covered employers and employees, were to be advanced, according to schedules set forth in the act, until on December 31, 1948, they were to be 3 percent each on covered employees and employers.<sup>5</sup> The resulting 6 percent taxes on covered wages was estimated to be approximately a level premium which, on an actuarial basis, would accumulate an "Old Age Reserve Account,"<sup>6</sup> adequate with the interest it earned to pay all benefit costs.

3. The benefits to be paid covered workers who retired in the initial years of the system were to be very small. Benefits under the original act were based on total covered wages earned under the system.<sup>7</sup> Hence they would be very small at the outset but would advance progressively on the average as the system matured and the totals of covered wages paid to workers increased with the number of years they had served under the system. Aggregate annual benefit payments under the system would not reach their approximate maximum for somewhere in the neighborhood of 80 years.

4. The system was relatively free from forfeitures. If the employee died before attaining the age of 65, his estate was to receive 3½ percent of his total covered wages. If he had been covered under the system but had not attained an insured status, he was entitled on attaining age 65 to a lump-sum payment of 3½ percent of total covered wages.

5. The system was concerned primarily with provision of benefits for the aged retired covered worker himself. Only incidental provision for widows, children, parents, and others was made through death benefits payable to the estate. Covered men and women, regardless of marital condition and status as to dependents, paid the same premiums and were entitled to the same benefits.

With provisions such as these the covered workers were not to any appreciable extent made a specially privileged class; in that (a) they

<sup>4</sup> Economic Security Act, Hearings before the House Committee on Ways and Means, 74th Cong., 1st sess., p. 14.

<sup>5</sup> 49 Stat. 636-37.

<sup>6</sup> 49 Stat. 622.

<sup>7</sup> For the benefit formula see 49 Stat. 623.

were not to receive benefits which would ultimately be paid for in part by the proceeds of general taxation, and (b) there were no large windfall benefits for those who retired in the early years of the system, as benefits were directly related to total covered wages received during service under the system.

It was true that passage of the law forced all covered employers to contribute to this general retirement system. Some of them already were contributing to retirement systems. More important the exclusion from the system of large groups already provided for under other systems involved no serious discrimination as general tax revenues were not being used. The distinct system for railway employees, the numerous systems for public employees of State and municipal governments and for employees of private educational institutions were not affected. The National Government was of course using tax revenues for its retirement systems for its own employees, but it was in this case the employer.

## Principles in the 1939 Amendments

The concepts of the original 1935 act did not long survive. Entirely different fundamental concepts were substituted. Among the most important were:

1. The principle of a true actuarial reserve system was abandoned and a non-actuarial Federal old-age and survivors insurance trust fund was substituted. How large that fund shall be is a matter of legislative and administrative determination and it is not based on the amount of benefits ultimately to be paid from it.

2. The Congress adopted legislation that prevented the gradual increase of the pay-roll taxes to the level premium deemed necessary to make the system self-supporting. On December 31, 1948, it will be recalled, the pay-roll tax was to have been 6 percent, or 3 percent on the employee and 3 percent on the employer. It has remained at 2 percent, one on each of the two parties. Thus had 6 percent been the true required level premium, only one-third of it was actually being paid and an actuarial deficit was accumulating at the rate of 4 percent of pay roll each year, plus interest.<sup>8</sup> \*

3. Abandonment of the actuarial reserve, failure to increase the taxes to an actuarial level premium, and the development of a huge actuarial deficit mean

<sup>8</sup> The benefit formula of the 1939 act paid benefits of 40 percent of the first \$50 of average monthly wages and of 10 percent with respect to the remaining \$200 of covered wages, with certain minimum provisions applicable to those with average monthly wages of less than \$50. Taxes were uniform on all wages up to \$250 a month. Under such a system a general increase in wages operates to reduce the actuarial level premium which would be necessary to support it. The benefits on the first \$50 or less are the high-cost benefits per dollar of tax receipts, with respect to them, whereas the benefits on \$200 are the low-cost ones per dollar of such tax receipts. Thus as the number of workers at \$50 per month or under decreases and the number at \$50 or over increases, the cost of benefits diminishes per dollar of tax receipts. As a result of increases in wages the actuarial level premium which would support the present Old Age and Survivors Insurance has fallen. According to the Advisory Council on Social Security it is at present 3.26 according to the low estimates and 5.66 according to the high. For discussion of the low-cost and high-cost estimates see "Costs of Present Program Revised and Expanded," in this chapter.

that ultimately the Government will have to make huge contributions from general revenues to pay the promised benefits. This fact was clearly recognized in 1943 when a provision was included in the Revenue Act of 1943: "There is also authorized to be appropriated to the trust fund such additional sums as may be required to finance the benefits and payments required under this title."<sup>9</sup> For several years, however, no appropriations will be required because benefits can be paid from that excess of receipts over benefit payments which is characteristic of any old age retirement system that starts with all paying in and none or relatively few actually drawing benefits.

4. The benefit formula was so changed that relatively large benefits were payable to persons who attained an insured status and retired or died in the early years of the system. Benefits were no longer based on total covered wages received in the whole time under the system but on average monthly wages. Thus employees who had paid or occasioned the payment of only a few hundred dollars would receive benefits which would cost several thousand dollars.

5. The original system had made no provision for wives, widows, dependent children, and parents except indirectly through the death benefit of 3½ percent of total covered wages. The new system introduced benefits for wives 65 years of age or over, widows 65 years of age or over, widows under 65 who were responsible for dependent children, dependent children, and, under certain circumstances, dependent parents. Lump-sum death benefits became payable in small amounts only if at the time of death no beneficiary was immediately eligible for a benefit under any of the other categories. Benefits for wives 65 years of age or over, dependent children of retired workers, and for survivors obviously were more expensive than a death benefit which amounted to not much more than a return of contributions.

6. Costs of the system were, however, reduced by the introduction of new and fairly intricate provisions with respect to an insured status. Under this plan workers under the system could be divided into four classes:

a. Persons could be covered but not in any way insured. If they died, or for any other reason withdrew from covered employment, the contributions which they had made to the system were forfeited. The cause of withdrawal was immaterial. No benefit was paid even if the worker died leaving dependents or if he was totally and permanently disabled.

b. Currently insured was the first protection actually attained. It gave protection to such eligible dependents as the worker might have if the worker died in covered employment or very shortly after withdrawing from it.

c. Temporarily fully insured constituted the second stage in actual protection. If the worker withdrew from covered employment temporarily fully insured his eligible dependents, if any, were protected until such time as his status as temporarily fully insured expired. He had no protection for his own old age unless he returned to covered employment.

d. Permanently fully insured represented the real protection. If the employee withdrew from covered employment with that status he had the full protection that the system provided, an old-age benefit for himself on retiring at age 65 or over, for his wife, if he had one, if she was 65 or over or when she attained that age, and for such dependent children as he might have. If he died, either before or after retirement, eligible dependents would receive benefits by virtue of his permanently fully insured status. For young workers entering covered employment after the system was established this status could be obtained by 10 years of continuous service. For them the requirement was 40 quarters of covered employment.

<sup>9</sup> 58 Stat. 93.

## FORFEITURES

Forfeitures are fairly numerous under this system. They occur:

1. If an employee dies or for any cause withdraws without having attained an insured status. Neither he nor his dependents get anything.

2. If an employee with an insured status dies leaving no eligible dependent or no dependent who lives to become eligible, his estate forfeits all his contributions excepting the amount that is paid as a lump-sum death benefit, practically funeral expenses. Dependents and eligible dependents, it should be noted, are not synonymous. A widow under 65 years of age is not eligible unless she has the care of an eligible child of the deceased, regardless of her physical and mental condition or her employability. She does not attain eligibility until she reaches the age of 65. A child over 18 years of age is not eligible even if an invalid. Dependent married children under 18, brothers or sisters, nephews or nieces, or grandchildren are not eligible.

Forfeitures are more probable among women than among men. The childless single woman has no eligible dependents except possibly one or more parents "chiefly dependent upon and supported by such individual at the time of such individual's death."<sup>10</sup> The child of an insured married woman is eligible to take from her "only if at the time of her death (or retirement on age benefit) no parent other than such individual was contributing to such child and such child was not living with its father or adopting father."<sup>11</sup> The covered and insured married woman is entitled to a primary benefit on retirement, but if she is also entitled to a wife's benefit by virtue of her husband's insurance, the amount of her wife's benefit is reduced by the amount of her own primary benefit. The married woman does not protect her husband under this system even if he was as a matter of fact entirely or mainly dependent upon her for support.

An element of forfeiture is involved in the fact that the insured worker who withdraws with only a currently insured or temporary fully insured status has only the equivalent of term insurance for his eligible dependents if any. He does not attain old-age protection for himself even to the extent of the taxes paid by him or on his account and he loses the privilege of having the Government contribute heavily to the costs of his old-age protection.

## Possible Changes in Present System

As was pointed out at the beginning of this section, few if any students of the subject advocate standing pat on the existing system

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<sup>10</sup> See act, title II, sec. 202-f.

<sup>11</sup> The same, sec. 202-c-4.

of old-age and survivors insurance. The alternatives are the extension and the modification of the existing system to remove its anomalies, inconsistencies, and inequities, or the development of a system based on radically different basic principles. The arguments in favor of an entirely different system will not be given at this point as they arise largely from the financial, economic, and administrative aspects of the problem, immediate consideration will be given to what would have to be done to the present system on the coverage and benefit sides if its basic principles are to be retained.

#### EQUALITY OF TREATMENT

It seems perfectly clear that if general revenues of the Government are to be used to pay benefits granted without reference to need, or in other words without any means test, all the workers of the Nation and those dependent upon them have a right to equal treatment under the law. Special privileges to persons engaged in selected occupations can hardly be defended when well-to-do persons engaged in them receive windfall benefits while persons with very modest means in other occupations get nothing and very poor people have to depend on means test public assistance. Forfeitures in event of disability are likewise indefensible. Thus certain reforms are essential if the present basic principles are to be retained, despite the fact that they will be costly, a matter to be considered later. The major reforms would be:

##### *Coverage.*

The system would be extended to cover practically all gainful occupations, notably agricultural labor, domestic service in private homes, the self-employed, Government service and service in private education, religious, and eleemosynary institutions. Thus almost everyone would share in the distribution of general tax revenues and in the proceeds of pay-roll taxes on employers, which insofar as they are shifted to consumers are a disguised or hidden sales tax.

Universal coverage would also eliminate those forfeitures which now result on movement from a covered to an uncovered occupation. They would make less arbitrary the present provisions with respect to an insured status, although the wisdom of retaining these status requirements at all requires careful consideration in any system in which the Government contributes heavily and underwrites the whole load.

Universal coverage would likewise eliminate the present twilight zone that separate the two definite statuses of (1) the covered employee of a covered employer and (2) the individual worker uncovered because he is working on his own account. In numerous instances a relation-

ship exists between a corporation or business and persons who represent it, typically as salesmen, under contracts that at common law make them independent businessmen working on their own account.

An issue has arisen as to (a) whether these so-called independent salesmen are entitled to social security benefits by virtue of their services rendered after the passage of the act and (b) whether the corporation or business should pay the tax. The two issues are separable because under existing law the employee who renders service to an employer who should have been covered is entitled to benefits even if his employer did not pay the tax or withhold the tax from the employee's pay envelope. The Supreme Court in a recent decision held that these relationships constituted employment within the meaning of the law, but the Congress passed over the President's veto a bill which operated to suspend giving effect to the decision in the expectation that it would in the coming session give consideration to extension of coverage.<sup>12</sup>

### *Disability Benefits*

Benefits with respect to total disability, either permanent or temporary, would probably have to be provided.<sup>13</sup> These provisions would necessarily be fairly intricate, for doubtless a distinction would have to be made between a disability which renders a person unfit for any gainful employment and one which unfits him for his present occupation but does not render him unemployable in any gainful occupation. Forfeitures in event of disability are indefensible and a disabled employee and his dependents should not have to wait until he has attained age 65 to be eligible for benefits.

### *Immediate Insurance*

If general taxes and pay-roll taxes on employers are used to finance the system it is questionable whether protection against death and disability should not be immediately effective upon entering covered employment.

### *Unemployment*

Careful consideration should be given to provisions with respect to prolonged and involuntary unemployment. Under the present system it may result in loss of old-age protection or a material decrease in the amount of benefit. It may prevent attaining either a currently insured status or a temporary fully insured status. The American system,

<sup>12</sup> Public Law 642, 80th Cong.

<sup>13</sup> Some persons maintain that disability benefits should only be paid to persons who are in need. Such a provision does not seem consistent with survivors benefits paid regardless of need. It would mean that the mother and children get benefits if the father dies, but do not if he is totally and permanently disabled and requires support and care.

which is based on percentage deductions from wages earned in covered employment, does not readily permit of excusal of contributions when unemployment is involuntary. In this connection it will be remembered that unemployment compensation pays benefits only for a limited number of weeks and that time on unemployment compensation does not count in determining benefits under old-age and survivors insurance.

### *Adjustment of Other Retirement Systems*

Making old-age and survivors insurance universal would probably necessitate far-reaching changes in many existing retirement systems, public and private. In many instances these systems have been established on the basis that they constituted the only formal organized protection. It seems questionable whether employers and employees could continue to pay present contributions and in addition pay the pay-roll taxes and general taxes necessary to support the universal system as it begins to pick up something approaching full load. It seems probable that most existing public and private systems for employees not now covered under old-age and survivors insurance would have to be either entirely abandoned or radically revised so that they would be supplemental to the universal system.

This issue would be extremely important for the National Government because several retirement systems are established and operate through laws passed by Congress. The two largest ones are the general Federal retirement system and the railroad retirement system, but there are numerous others, including the Foreign Service, the provisions for retired pay in the armed services and other services paid under army pay tables, and teachers, policemen, and firemen in the employ of the District of Columbia.

### *Veterans' Benefits*

The relationship of veterans' benefits to social security benefits would also present serious problems for the National Government. Two or three illustrations may be helpful here.

Assume that the universal system provides disability benefits. A veteran after working in a covered occupation for several years is forced to withdraw because of a disability which is determined to be service connected. Does he get both a veterans' benefit and the full universal social security benefit?

When the veterans of a particular war as a class reach the retirement age, a movement arises for service pensions. Is the veteran to receive both a service pension and the no-means test benefit from the general system?

In general, are persons to be permitted to draw benefits under two or more systems?

The increase in the cost of living that has taken place since 1935 is another important factor in leading to a general belief that the existing system of old-age and survivors insurance requires thorough reconsideration. Two economic facts are self evident:

1. The social security of the individual depends on his ability to obtain the necessities in food, shelter, clothing, medical care, etc. If prices advance so that his money benefits lack the necessary purchasing power the system has lost much of its social utility.

2. Man is largely dependent upon practically current production for food, clothing, and medical care. The recent war has demonstrated that even a few years interference with residential construction creates a serious problem with respect to shelter.

When the laws of 1935 and 1939 were passed it was assumed that price levels were sufficiently stable and that changes were so gradual that a contributory insurance system was practicable. Events have proved that if the system is to be effective benefits must be adjusted upward to meet increased living costs. Several important points must be raised in connection with this fact.

1. An actuarial reserve system of insurance, public or private, operates on a money basis, with money premiums and money benefits. The insured carries the risk of advancing prices and diminished purchasing power of money and reaps the benefit of a possible fall in prices. If stable purchasing power is to be guaranteed, the Government in the event of substantial increases must provide it at the expense of general taxpayers.

2. It is entirely practicable politically to get an increase in money benefits in the face of rising prices. Is it politically practicable to have a decrease in money benefits in the face of falling prices? Could a cost of living factor be introduced into the benefit formula so that the promised benefits would have the purchasing power of the dollars of say 1939 or of the dollars at the time of amendment of the act? As noted in the preceding paragraph, the Government would have to increase its contributions in times of high prices but if benefits were tied to prices it would reduce them in periods of low prices.

3. The United States has been experimenting with an old-age insurance system that relates the amount of benefit to earnings in covered employment—total earnings during coverage in the 1935 act and average earnings in covered employment in the 1939 amendments. It was not assumed at the time that there would be a sudden sharp step up from one level of wages and prices to another so that the size of the total of the average would depend so much on the actual years during which the insured was covered.



In any retirement system relating benefits directly to earnings commonly involves the use of a benefit formula or several different alternative plans. If persons with small earnings are included, it is rarely practicable to make benefits a fixed uniform percentage of earnings alike for all. Although a benefit of half or even quarter pay might be adequate in the later years of life for upper-bracket employees, even half pay would be insufficient for the employee who has never earned much more than a minimum of subsistence. Under the 1939 amendments to the Social Security Act, the primary benefit is 40 percent of the first \$50 of average monthly earnings in covered employment plus 10 percent of the remainder. Earnings of over \$250 are neither taxed nor counted for benefits. The total of the amount derived from the use of these two percentages is increased by 1 percent of that total for each year of covered service. This formula gives from an actuarial standpoint a marked advantage to the low-paid worker over the high-paid worker and to the short-service worker over the long-service worker per dollar of contribution and interest earned by contributions. In addition to this advantage, minimum provisions are included in the 1939 amendments which make more adequate provisions for persons with low average covered earnings.

A marked increase in wages and prices obviously makes such a benefit formula and such minimum provisions obsolete. It likewise makes questionable the provisions with respect to the maximum amount of wages to be taxed and to be used in determining benefits. The maximum limitations on the amount of benefits which may be paid with respect to a single insured individual also are outmoded. The entire benefit formula has to be recast to make the system socially effective.

If benefits are raised for workers who retire after the effective date of a new act and much of the cost of this liberalization is ultimately to come from general revenues, is it fair for the Government to refuse to make like increases in the benefits paid to workers already retired? Refusal might be politically inexpedient. A substantial number of beneficiaries already retired under the existing law, moreover, lack resources to maintain a reasonable level of living and unless benefits are raised will have to resort to means-test public assistance.<sup>14</sup>

It must be remembered, however, that old-age and survivors' benefits are now being paid to many who were not in need when they became eligible and are not in need now. Neither they nor their employers on their account contributed more than a small fraction of the cost of these benefits. Are these windfall benefits to be increased at

<sup>14</sup> For statistical evidence on this point see *Adequacy of the Income of Beneficiaries Under Old-Age and Survivors Insurance*, Social Security Bulletin, February 1948, pp. 12-22.

general expense and the special privileges of this particular group be still further enhanced?

A question is pertinent as to whether such a system is properly designated as insurance unless that term is stripped of all its old financial meaning. In 1935 when President Roosevelt said that the system should be self sustaining in the sense that funds for the payment of insurance benefits should not come from the proceeds of general taxation, the term insurance had its old financial connotations but now they are largely gone as heavy commitments of general revenues become necessary.

The upward spiraling of wages and prices and the abandonment of the insurance concepts of the 1935 act might well result in a reconsideration of the original decision to relate benefits to wages. The question should be faced as to whether a universal, comprehensive no-means test system requiring ultimately heavy contributions from general taxes should do more than provide a modest uniform benefit for the worker and for each type of dependent who received support from the retired or deceased worker—wife or widow, children, or dependent parents. If the Government itself is to be a heavy contributor, variation in amount of benefit in accordance with length of service is questionable. Justification for it lies in insurance concepts but if they are largely abandoned for the system as a whole the Congress might well consider abolishing them here too.

The administrative costs of relating benefits to earnings in covered employments should be considered in this connection. The system necessitates maintaining detailed records of the earnings of each covered worker throughout the whole period of his covered employment and using the resulting data in figuring benefits. It is obviously impossible to have a perfect record for every person. A large staff of clerical employees is necessary for this work in the Old-Age and Survivors Bureau of the Social Security Agency and covered employers are put to substantial expense in making the basic returns and supplying employees with information. Should a new law change the benefit formula and make it applicable to all living beneficiaries, all existing cases would have to be refigured and new cards made for issuance of checks. A question exists as to whether the social and economic advantages of a relationship between benefits and average earnings is sufficient to warrant the costs of administration and the difficulties of adjusting to meet changes in wages and prices.

The cost of administration of old-age and survivors insurance charged against the trust fund was 27 million dollars in 1944-45, 37 million dollars in 1945-46, and 41 million dollars in 1946-47. These figures do not reflect actual expenses in the respective years because of bookkeeping adjustments.<sup>15</sup> According to the report of the Advisory

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<sup>15</sup> Annual Report Federal Security Agency, 1947, p. 160.

Council on Social Security, administration expenses of the proposed expanded program in 1955 will be 87 million dollars on the low-cost estimates and 128 million dollars on the high. By the year 2000 the administrative costs will range from 213 million dollars (low-cost estimate) to 349 million dollars (high-cost estimate).

## **The Employers' Pay Roll Tax**

Revision of the present system should occasion a reconsideration of the wisdom of supporting the system in part through a pay-roll tax levied against employers. This question will increase in significance if the percentage of this levy is raised to meet the growth in benefit payments that is inherent in the system as at present conceived.

It seems indisputable that a pay-roll tax on employers is a cost of production, an addition to the wage bill. The experience of the past few years has made most people acutely aware of what has been termed the vicious upward spiral of wages and prices. The increase in prices, as has been noted, necessitates compensating increases in benefits and revision of the formula if the system is to achieve its economic and social objectives. These changes will probably result in higher costs and necessitate higher taxes.

Possible extension of the system to cover the self-employed necessitates consideration of the pay-roll tax on employers from another angle. It is sometimes argued that the self-employed worker should pay a higher percentage of his earnings than is levied against the wages of an employee because he has no employer to contribute on his behalf. Two points are pertinent to that argument:

Insofar as the pay-roll tax is shifted, the employer is a tax collector rather than a taxpayer. Indirectly the self-employed may share in paying the tax on employers.

The tax paid by employers does not necessarily go for benefits to their own employees. If pay-roll taxes are increased as was the original intention, upper-bracket employees will by their own contributions meet most, if not all, the costs of their own benefits. The employers' tax paid with respect to their employment will go to pay the costs of benefits for others. If an employer has few lower-bracket employees most of his taxes will go for benefits to persons who have never been in his service.

The pay-roll tax on employers is thus much more a general tax earmarked for a particular purpose than it is a contribution to pay each employer's share of the cost of retiring his own employees.

An issue which must be raised is whether a tax on employment is a good general tax. Against it the arguments are:

1. It adds to the cost of production and, hence, probably in many instances, to price.

2. It is not related to the capacity of the employer to pay. Producers with relatively high capital costs and relatively low labor costs will pay less than their competitors with relatively low capital costs but high labor costs, but the producer who has successfully employed capital may be the one with the largest profits and, hence, the greater capacity to pay a general tax.

3. The pay-roll tax in and of itself may not be much of an inducement to cut employment through mechanization. It is, however, an inescapable addition to labor costs. In these days of full employment and shortages of goods rapid mechanization without concern for displacement of labor may be in the public interest. It will be remembered, however, that too rapid mechanization without concern for displaced labor was sometimes cited as one of the mistakes of the twenties which was a factor in the depression of the thirties.

The pay-roll tax on employees is an income tax. If the old-age system is extended to the self-employed they will have to pay something in the nature of an income tax. It would seem advisable for the Congress to explore the advantages of financing a universal old-age system through income taxation exclusively.

An objection sometimes raised against income taxes is that they diminish the purchasing power of persons in the lower income brackets. It seems reasonably apparent today that taxes which lead to increases in prices likewise reduce real purchasing power but they do so by indirection. Income taxation, moreover, permits of exemptions for persons in the very low brackets and for persons who have retired and are living on retirement benefits.

### **Costs of the Present System Revised and Expanded**

In connection with the financing of old-age and survivors insurance the Congress might well reconsider the inherent conflicts between social objectives and the financial concepts of insurance. The 1939 amendments and many of the proposals for extension of the system stress the social desirability of granting substantial benefits in the early days of the system.<sup>16</sup>

Substantial benefits immediately available cannot be paid for by the contributions of the employer and the employee made in respect to the beneficiary who receives them. They must be paid for by someone else. Under the present system and leading proposals for its extension, they are to be paid for by (a) subsequent increases in the special taxes levied against employers and employees and (b) direct Government contributions to be made in later years when the early

<sup>16</sup> For example, see *Old Age and Survivors Insurance*, a report to the Senate Committee on Finance from the Advisory Council on Social Security, 80th Cong., 2d sess., S. Doc. 149, p. 34.

surpluses of receipts over benefit payments are exhausted. Children and grandchildren under such a system will pay much more for their benefits, directly or indirectly, than they otherwise would because they will be paying for the costs of the immediate substantial benefits paid to persons who retired in the early days of the system.

To illustrate this point see table XXXV, below, taken from the Report of the Advisory Council on Social Security to the Senate Committee on Finance.<sup>17</sup> These figures relate to the proposals for extension and modification of the existing system as recommended by that Council.<sup>18</sup>

They are used instead of similar figures relating to the existing system because it is inconceivable that the existing system will be continued without some such changes as the Advisory Council proposes. The basic concepts of the 1939 amendments make such changes almost imperative.

It will be immediately noted that this table contains a low-cost estimate and a high-cost estimate. As some persons concerned with this

TABLE XXXV.—*Estimated annual cost of expanded program recommended by advisory council, for specified years by major changes, in terms of percentage of pay roll*

LOW-COST ESTIMATE<sup>1</sup>

Calendar year	Cost of present program	Increase in cost arising from—							
		Extension of coverage	Age 60 for women	Revised lump-sum <sup>2</sup>	Revised work clause	Higher rate for first child <sup>3</sup>	Additional benefits in re women <sup>4</sup>	New benefit formula <sup>5</sup>	Net cost of expanded plan
1955.....	1.31	—0.34	0.11	-----	0.43	0.04	0.02	0.82	2.39
1960.....	1.75	— .28	.15	—0.01	.51	.06	.02	1.06	3.26
1970.....	2.56	— .28	.29	— .01	.62	.06	.02	1.20	4.46
1980.....	3.33	— .33	.42	— .01	.67	.07	.03	1.12	5.30
1990.....	4.02	— .47	.46	— .02	.71	.07	.03	1.03	5.83
2000.....	4.19	— .42	.44	— .02	.71	.07	.03	.87	5.87
Level premium <sup>6</sup> .....	3.26	— .88	.36	— .01	.63	.06	.03	.95	4.90

HIGH-COST ESTIMATE<sup>1</sup>

Calendar year	Cost of present program	Extension of coverage	Age 60 for women	Revised lump-sum <sup>2</sup>	Revised work clause	Higher rate for first child <sup>3</sup>	Additional benefits in re women <sup>4</sup>	New benefit formula <sup>5</sup>	Net cost of expanded plan
1955.....	1.87	—0.43	0.19	-----	0.29	0.04	0.01	1.14	3.11
1960.....	2.46	— .37	.28	—0.01	.35	.06	.02	1.28	4.07
1970.....	3.66	— .47	.47	— .01	.46	.06	.02	1.39	5.58
1980.....	5.18	— .72	.65	— .01	.57	.06	.02	1.37	7.12
1990.....	6.93	—1.14	.75	— .01	.68	.06	.02	1.34	8.63
2000.....	8.12	—1.32	.79	— .02	.78	.06	.02	1.27	9.70
Level premium <sup>6</sup> .....	5.66	— .91	.60	— .01	.59	.06	.02	1.26	7.27

<sup>1</sup> Based on assumption of continuation of employment and wage levels of 1944-46.

<sup>2</sup> Lump-sum death payment for all deaths but only in amount of four times primary benefit (rather than six times as at present).

<sup>3</sup> Including also higher rate for parent's benefit.

<sup>4</sup> Supplementary and survivor monthly benefits in respect to insured women.

<sup>5</sup> Including also revision in computation of average wage and higher limit on maximum annual wages counted toward benefits.

<sup>6</sup> Level premium contribution rate (based on 2 percent interest) for benefit payments after 1949 and into perpetuity, not taking into account accumulated funds.

<sup>17</sup> See Old Age and Survivors Insurance, a report to the Senate Committee on Finance from the Advisory Council on Social Security, 80th Cong., 2d Sess., S. Doc. 149, p. 55.

<sup>18</sup> The recommendations of the Council follow closely those of the Federal Security Administration.

report may not have had occasion to go into actuarial estimates as to future costs of such a system, inclusion of brief summary statements as to why two sets of estimates are essential should perhaps be given.<sup>19</sup>

The system is so complex that the variables affecting cost are numerous. Population growth must be estimated with the required differentiations according to sex, age, marital condition, and race. Mortality rates and birth rates must be estimated with differentiations by sex, age, marital condition, and race. Employment, unemployment, covered, and uncovered are involved. The happening of the contingencies covered and the propensity to retire on benefits when eligible must be considered. Not only must the general future trend of wages be estimated but because of the formula relating benefits to wages, allowance must be made for the distribution of wage earners according to average monthly earnings during coverage. To speak broadly, almost everything is in the calculations except radical changes in the cost of living or the purchasing power of money which, as is generally recognized, may necessitate radical revision of the whole system from time to time.<sup>20</sup>

In the face of all these variables, estimates as to future costs cannot be made with even an approach to precision. Objective actuaries can do no more than make assumptions as to lows that seem reasonably probable and highs that seem reasonably probable and make the complex and expensive calculations on each set of assumptions. The words "reasonably probable" call for emphasis. The lows are not the lowest figures possible nor are the highs the highest possible. Changes may occur that are entirely unpredictable, as in the case of wars affecting the entire economy. The figures presented indicate, however, the range within which costs will probably fall.

The figures in the right-hand column of table XXXV, page 478, show for the years from 1955 to 2000 the net cost of the expanded plan expressed in terms of a percentage of pay roll. According to the low estimates the system in 1955 would cost 2.39 percent of pay. This percentage would increase fairly steadily until in the year 2000 it would be 5.87. The level premium which would have to be collected from the beginning to support the system with 2 percent interest assumed would be 4.9 percent. According to the high estimates the corresponding figures would be 3.11 percent in 1955 and 9.7 percent in 2000; and the level premium would be 7.27 percent.

Level premium figures, it should be noted, are now only of academic interest since the idea of actuarial reserve financing was com-

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<sup>19</sup> For a comprehensive exposition see *Old Age and Survivors Insurance, Analysis of Long Range Cost Factors*, by Louis O. Shudde and George E. Immerwar, Actuarial Study No. 21, September 1946, Federal Security Agency.

<sup>20</sup> See Report of the Advisory Council on Social Security, 80th Cong., 2d sess., S. Doc. 149, p. 31.

pletely abandoned in the 1939 amendments.<sup>21</sup> The percentage of pay-roll figures are the significant ones. The figures for the year 2000 are more than twice those for 1955 according to the low estimate and more than three times greater according to the high estimates.

For those who want estimated total costs, table XXXVI, page 481, shows the figures in millions of dollars.<sup>22</sup>

The net cost of the expanded plan increases according to the low estimates from 3.2 billion dollars in 1955 to 10.4 billion dollars in 2000 and according to the high estimates from 4.2 billion dollars in 1955 to 15.4 billion dollars in 2000. The range in the year 2000 would thus be between 10.4 and 15.4 billion dollars.

How this plan would be financed according to the recommendations of the Council is indicated in table XXXVII, page 481.<sup>23</sup>

The plan would operate for a number of years without Government contributions and without increasing pay-roll taxes up to as much as an actuarial level premium. By 1960 under the high estimates and by 1970 under the low estimates Government contributions would begin. By the year 2000 the Government would be making an annual direct contribution of 3.2 billion dollars a year according to the low-cost estimates and of 4.8 billion dollars according to the high-cost estimates.

In addition to the direct contribution from general revenues, the Government would have to pay the interest on the fund, which is invested in Government obligations. The requirement for interest, according to this plan, becomes a fixed annual charge when the Government begins to contribute as thereafter the fund ceases to grow.<sup>24</sup> The annual charge for interest would be 665 million dollars under the low-cost estimate and 334 million dollars under the high cost.

According to the low-cost estimate the fund would be about three times the annual benefit payments, whereas under the high-cost estimates it would be only slightly more than the annual benefit payments, 17.4 billion dollars as compared with 15.4 billion dollars in benefit payments.

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<sup>21</sup> In view of the enormous increase in the public debt which resulted from the depression and the war, actuarial reserve financing and the immediate use of level premiums might be reconsidered as a device for public debt management. It would have the advantage of making present workers pay their fair share of the cost of the benefits they are to receive. If investment in outstanding bonds was mandatory and no special bonds could be issued to the fund the inflationary effect of debt transactions might be reduced.

<sup>22</sup> Report of the Advisory Council on Social Security, 80th Cong., 2d sess., S. Doc. 149, p. 55.

<sup>23</sup> The same, p. 57.

<sup>24</sup> The fund, it will be recalled, is not an actuarial reserve but simply a device for financial administration. It will continue to grow so long as the collections from pay roll taxes exceed benefit payments. When benefit payments exceed specific pay roll tax receipts, the fund would be rapidly exhausted unless it were maintained by Government contributions from general revenues. Maintenance of a fund after benefit payments exceed specific receipts under such a system is exclusively for convenience in management. Such a fund is in no sense an actuarial reserve. A true actuarial reserve fund grows steadily until the system reaches maturity and then stays fairly steady at near the maximum level.

TABLE XXXVI.—*Estimated annual cost of expanded program recommended by advisory council, for specified years, by major changes*

LOW-COST ESTIMATE<sup>1</sup>

[In millions of dollars]

Calendar year	Cost of present program	Increase in cost arising from—							Net cost of expanded plan
		Extension of coverage	Age 60 for women	Revised lump-sum <sup>2</sup>	Revised work clause	Higher rate for first child <sup>3</sup>	Additional benefits in re women <sup>4</sup>	New benefit formula <sup>5</sup>	
1955-----	1,046	173	138	-----	540	50	22	1,222	3,189
1960-----	1,469	441	195	-13	662	78	26	1,647	4,505
1970-----	2,421	772	406	-14	867	84	28	2,057	6,621
1980-----	3,474	965	621	-15	990	103	44	2,136	8,318
1990-----	4,509	1,066	722	-31	1,114	110	47	2,176	9,713
2000-----	5,072	1,227	736	-33	1,188	117	50	2,064	10,421

HIGH-COST ESTIMATE<sup>1</sup>

1955-----	1,482	323	238	-----	363	50	19	1,675	4,150
1960-----	2,062	677	366	-13	458	78	26	2,012	5,666
1970-----	3,442	1,056	662	-14	648	84	28	2,457	8,363
1980-----	5,191	1,312	947	-15	831	87	29	2,653	11,035
1990-----	7,125	1,498	1,116	-15	1,012	89	30	2,795	13,650
2000-----	8,463	1,711	1,182	-30	1,167	90	30	2,765	15,378

<sup>1</sup> Based on assumption of continuation of employment and wage levels of 1944-46.

<sup>2</sup> Lump-sum death payment for all deaths but only in amount of four times primary benefit (rather than six times as at present).

<sup>3</sup> Including also higher rate for parent's benefit.

<sup>4</sup> Supplementary and survivor monthly benefit in respect to insured women.

<sup>5</sup> Including also revision in computation of average wage and higher limit on maximum annual wages counted toward benefits.

TABLE XXXVII.—*Estimates relating to size of trust fund under expanded program recommended by advisory council*

LOW-COST ESTIMATE

[In millions of dollars]

Calendar year	Contributions		Benefit payments	Administrative expenses	Interest on fund <sup>2</sup>	Increase in fund	Fund at end of year
	Employer-employee <sup>1</sup>	Government					
1955-----	3,833	-----	3,189	87	451	1,008	23,276
1960-----	5,279	-----	4,505	109	581	1,246	29,950
1970-----	5,683	419	6,621	146	665	-----	33,645
1980-----	6,003	1,825	8,318	175	665	-----	33,645
1990-----	6,370	2,877	9,713	199	665	-----	33,645
2000-----	6,792	3,177	10,421	213	665	-----	33,645

HIGH-COST ESTIMATE

1955-----	3,833	-----	4,150	128	338	<sup>3</sup> 117	16,999
1960-----	5,318	163	5,666	159	344	-----	17,362
1970-----	5,726	2,506	8,363	213	344	-----	17,362
1980-----	7,408	3,548	11,035	265	344	-----	17,362
1990-----	10,200	3,413	13,650	316	344	-----	17,362
2000-----	10,606	4,777	15,378	349	344	-----	17,362

<sup>1</sup> Joint contribution schedule assumed is as follows: Low-cost estimate, 3 percent for 1949-56 and 4 percent thereafter. High-cost estimate, 3 percent for 1949-56; 4 percent for 1957-71; 5 percent for 1972-80; 6 percent for 1981-89; and 7 percent thereafter.

<sup>2</sup> Interest is figured at 2 percent on average balance in fund during year but is payable at end of year. After fund reaches maximum size the interest income is slightly less than 2 percent of the balance at the end of the year as shown in the last column, since the fund decreases slightly during the year. The interest payable at the end of the year brings it back to the level shown.

<sup>3</sup> Fund reaches a peak in 1954 and then declines for 2 years, but thereafter increases to another peak in 1959.



In connection with these figures it should be noted that the actuaries have not attempted to forecast specific upturns and downturns in general economic conditions. All the curves they project are smooth and represent general trends, they do not disclose periodic departures from the general trend. As has been noted, sharp upturns in general conditions if they result in material increases in prices and the cost of living may necessitate revision of the benefit formula.

The cost figures here given suggest that in later years the system may be financially embarrassed by a severe down swing. Such a swing would (a) materially reduce the employer-employee contributions and (b) materially increase benefit payments. In a recession persons who have kept on working although eligible to retire on benefits are likely to retire. Toward the latter part of the century a fairly large percentage of the population will presumably be 65 years of age or over and benefit costs will be largely affected by the decisions of workers 65 to 70 with respect to retirement. Conceivably in a severe recession the Congress might be faced with the desirability of, if not the necessity for, a downward revision of all benefits. Such a downward revision would be politically difficult.

For a good many years a belief has been widely held that economic and social conditions would be materially improved by governmental action which would lessen those differences that have arisen in the United States in the income of various classes. On the revenue side of the national budget, progressive taxation has been introduced notably with respect to income and estates or inheritance. On the expenditure side there has been a growth and extension of free governmental services and the introduction of social security systems that redistribute income in accordance with a pattern deemed desirable by the Congress. Old age and survivors insurance is the outstanding illustration of a government device that redistributes income with no services other than purely ministerial administration.

The entrance of the United States into the Second World War came after the passage of the Social Security Act. Financing that conflict resulted in unprecedented and unforeseen increases in income and inheritance taxes upon middle and upper brackets and the indications are that high taxation will be necessary for many years to come. Although it will generally be agreed that participation in that war was necessary for the social security of the United States, the fact remains though it will generally be agreed that participation in that war was diversion of manpower and resources from highly important economic and social peacetime activities such for example as housing, school buildings, highways, and water and sewer systems.

Developments since the defeat of Germany and Japan suggest, moreover, that preserving American security will call for a degree of military preparedness and of American participation in financing

foreign countries likewise unprecedented. The indications are that the Nation is already approaching the limits of high taxation on the upper brackets and that further large increases in Government expenditure will have to be financed through higher taxation of the middle and the lower brackets. Already several States have resorted to the sales tax to meet the increased demand for and cost of governmental services despite the unpopularity of that tax.

If present trends continue it is entirely possible that Government contributions and money to pay the interest on bonds held by the fund will have to come from active workers covered by the system. For a few years more large segments of the population may believe that Government can supply present old age and survivors benefits for as little as 2 percent of pay roll, and that should deficits develop Government will meet them. Attitudes may change if the great body of citizens with incomes of \$2,000 to \$5,000 have to furnish directly or indirectly the Government's contribution and a substantial part of the employers' contributions.

#### EFFECTS ON THE ECONOMY

The ultimate effect on the national economy as a whole of a comprehensive no-means test system with relatively large benefits requires consideration at this time. It seems reasonable to assume that when Government contributions become necessary the initial attempt will be made to derive most of the money through taxation bearing on the upper brackets. Governmental support of the system will probably be just another and a steadily increasing item in the cost of government and it is probable that the effort to protect the lower-income classes from direct taxation and to place the costs of government on upper brackets will continue until that resource is largely exhausted.

Taking the surpluses of the upper and middle classes may have two important effects: (1) It may dry up the sources of private-venture capital upon which a free enterprise system depends for its advancement if not for its continued existence; (2) it may lessen or even destroy incentives as persons with exceptional capacity find that their financial reward for hard work, long hours, and risk, and must be largely turned over to the Government. The part of their additional earnings left to them after taxes, their take-home pay, may cease to be an inducement.

If the sources of private capital dry up, the Government will have to supply the capital necessary for the maintenance and expansion of production. In the past government has secured capital basically through taxation. Its borrowings are taxation deferred. Its enterprises have in the main not been productive of net revenue to it. A major reason in the past for governmental enterprises has been to supply services at cost or at less than cost with taxation making up

the deficits and with interest, depreciation, and taxes omitted from cost. If taxation fails to meet these deficits resulting from governmental enterprises then government will have to operate enterprises to yield a profit. Having a monopoly it can fix prices to produce the required revenue. Under such a system the Government determines upon the division of the proceeds of the economy, between capital formation and consumers' needs. Taxes are included in price, with the Government determining what additions for taxes shall be included in the price of each governmentally produced commodity. In some cases the Government may buy the entire output of private producers at a price fixed by it and then sell to processors or consumers at a price which will yield the Government the required profit or tax. In a sense the Government will be supported by sales taxes, but with this difference: present general sales taxes are usually a fixed percent on the price of all covered articles and special luxury taxes are a fixed percent on the prices of specific commodities. In a governmentally controlled economy largely supported by taxes in price, decisions with respect to price become a budget matter to be adjusted annually by the responsible officers of government.

#### EFFECTS ON INDIVIDUAL FAMILIES

The ultimate effect of a comprehensive universal no-means test system with substantial benefits on the finances of the individual family or consuming unit also merits attention. As previously noted the system proposed by the Advisory Council would by the year 2000 cost according to low estimates 5.87 percent of pay roll and according to the high-cost estimates 9.7 percent. It seems highly probable that families of fairly modest incomes will have to pay such percentages as these directly or indirectly to sustain the system. Persons with better incomes will probably have to pay more because the lowest-bracket persons will not be able to pay the costs of their benefits. A real possibility exists that with social security taxes and other taxes at high levels, the great mass of the people will not have much margin for personal savings. Personal savings, according to present practices, include not only money put into savings institutions but also expenditures for the purchase of a home and for life insurance, annuities, and other investments. Systems of this type lead to standardization or, if one prefers the word, regimentation. They lessen the opportunity for deviation from the normal or typical in pursuit of one's own inclinations and interests.

The existing and the currently proposed legislation with respect to old-age and survivors insurance, as has been noted, has certain significant features that are disturbing to many persons. Among these features are:

1. The demand for substantial benefits immediately available to persons who have served in covered employments only a brief period. Unless coverage is practically universal these people become a specially privileged class.

2. The tendency to pass along to future generations in perpetuity the costs of what amounts to giving free benefits in respect to past services and the deficits that result from charging less than true costs for benefits granted for service rendered in the early days of the system.

3. Attempting through legislation to say to future generations what benefit payments they shall make and under what conditions, despite the fact that the first 13 years of experience have demonstrated that changes in economic conditions necessitate radical revision of the benefits.

4. Taking first and currently popular steps on the path that leads at least to a high degree of governmental control of the economy and possibly a totalitarian state without giving substantial consideration to the degree of control over the earnings of the people that will ultimately result.

### What Are the Other Possibilities?

One possibility already noted which is short of the means test would be to grant on the happening of specific contingencies a small, uniform benefit to each worker involved and a small fixed benefit on behalf of each person dependent upon him.

#### THE SMALL UNIFORM BENEFIT

Under conservative financing the amount of these fixed benefits would be relatively low and would not give much more than a living according to a conservative health and decency standard.<sup>25</sup> Individuals by themselves or employers in cooperation with their employees would supplement them on a voluntary basis. Such a system over the years would substantially reduce the amount of money collected and disbursed by the National Government and would materially reduce administrative costs because the amount of the benefit would not be related to earnings and hence require no cumulative record of earnings.

Under such a system, however, the Government would be issuing monthly checks to thousands of persons who do not need the money to

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<sup>25</sup> The uniform benefit, however, would presumably be more than present average benefits under old-age and survivors insurance. The fact that present old-age and survivors benefits must be adjusted upward to meet increased living costs gives the Congress an opportunity to substitute a flat benefit system without reducing many of the benefits now being paid to individuals.

get along. In a substantial number of cases the checks would go to persons who each year pay in taxes to the Government more than they would receive in benefits. The justification for the waste labor involved would be that it removed any necessity for a means test.

If such a system should be instituted with large support from general tax revenue the benefits would presumably be immediately payable to all persons in the country who satisfied the eligibility requirements. These requirements would not include any such factors as coverage or insured status. This action is the logical answer to the demand for relatively large immediate benefits.

So far as the Government budget is concerned, the taxpayers of today would pay approximately the amount required for the current year. Aggregate benefit payments would not vary greatly from year to year, although they would increase gradually as the result of the increase in and the aging of the population. In periods of low employment the benefit payments would increase as elderly people lost their jobs and they became eligible. There would, however, be nothing approaching the increase from nothing in 1939 to 10 to 15 billions by the year 2000 that characterizes a comprehensive no-means test system that is based on insurance concepts and relates benefits to earnings.

A system of this character could probably be so devised that existing public-assistance cases would be absorbed into it. The aged and the needy blind now receiving public assistance would get the amount of the uniform benefit and it would be possible to provide aid for dependent children too, although some use of the means test might be necessary in cases in which the father is unable to earn enough to support his dependents.

For persons now receiving public assistance a uniform benefit without a means test would increase costs. The full uniform benefit would be paid regardless of the resources already possessed by the recipient, whereas in most States public-assistance benefits are such additions to existing resources as are necessary to bring the total to the budget standard being used; in other words, they make up only the budget deficit. The application of the no-means test principle would, moreover, eliminate the responsibility of relatives; except that of parents for their minor children, and largely do away with liens on property.

#### THE MEANS TEST

If the Nation wishes to reduce by more substantial sums the amount of money to be collected by the Government and redistributed according to a governmentally determined formula and to have a system under which each successive legislature will appropriate the full cost of benefits for the immediately ensuing fiscal period, it will pay benefits only to those in need and restrict the amount of benefit to the sum

required to bring the available income to the minimum standard established under the law. Such a system pays no benefits to persons who are not in need and hence does not require the levying of taxes to pay benefits to persons who are sustaining themselves by their own efforts or through their own resources. It leaves the money that would be required for benefits to persons not in need in the hands of the taxpayers to do with as they will.

Such a system requires the use of a modern-means test, such for example as that developed in New Zealand in the late thirties. A composite could be made of the best features of the modern-means test developed by the States of this country in the application of the public assistance titles of the Social Security Act.

## **Administration and Financing**

Administration and financing of a means test system and no-means test system would presumably be different.

The present old-age and survivors insurance system is federally financed and federally administered. The actions involved are primarily ministerial. In the main they consist of collecting the required taxes and disbursing the funds in accordance with the relatively simple facts governing eligibility: retirement from employment, death, age of dependents, etc. The administratively costly element in the present system is basing benefits on average wages during coverage.

The present public assistance programs, on the other hand, are State administered under Federal regulations and supervision and are financed jointly by the Federal Government and the States, in some instances with local contributions to the State's share. State and perhaps local participation in financing appear to be a necessary accompaniment to State or State and local administration to serve as a brake against raids on the Federal treasury. State and local governments which contribute to costs probably can do a better job in getting the facts necessary in the application of standards than could employees of the National Government. Under a system nationally financed and nationally administered, local pressure would develop to get as much as possible from the National Government.

The consensus of opinion appears to be that a universal no-means test system is best nationally financed and nationally administered. The recent clear demonstration that the level of benefits and the formula will have to be adjusted from time to time and that the Government will have to meet the cost of upward adjustments, however, gives new emphasis to the political factors in such a system. Until such time as the old-age and survivors' insurance system matures enough to have something approaching a full benefit load, candidates for Federal

office can with impunity make a fairly effective appeal for higher benefits and a more liberal formula. Payment of the cost of the adoption of the changes can be deferred to the distant future and the successful candidates can thus avoid the necessity of increasing taxes to pay for their liberality. A means-test assistance program, on the other hand, starts with something approaching a full load, and legislatures, National, State, and perhaps local, have to ask themselves where the money is to come from to pay for the proposed increases.

#### GOVERNMENT PROPAGANDA

Old-age and survivors' insurance has given a long existing problem of American government a new significance in a new political setting. The problem is: To what extent should administrative agencies use funds not specifically appropriated for the particular purpose to promote the extension of a program beyond the limits thus far established for it by the Congress, and thus to put pressure on the Congress as a whole and sometimes on individual Congressmen in particular to support the extension? A close liaison between the administrative agency and private individuals or organizations may develop in such a way that the private individuals or organizations carry on the activities which would be patently improper for administrative officers on the pay roll of the agency, but the material which they use has been prepared for them by these officers who may be privy to the proposed use.

The division of powers between the President and the Congress increase the complexity of this problem. The Constitution makes it the duty of the President to "recommend to their consideration [the two houses of Congress] such measures as he shall judge necessary and expedient."<sup>26</sup> If the President has recommended a program for the consideration of the Congress, he may raise no objection to the activities of the administrative agencies under him in promoting that program. On the other hand, the Constitution provides that "no money shall be drawn from the Treasury, but in consequence of appropriations made by law,"<sup>27</sup> and the Congress has specifically constituted it a criminal offense to use appropriations to pay for personal services to influence members of Congress to favor or oppose legislation.<sup>28</sup>

If this provision of the criminal law is to be enforced the action must be taken by the Attorney General, the President's own appointee who holds office at his pleasure. The Comptroller General, the congressional watchdog of the Treasury, does not have the mechanisms for getting at the situation. Salary for the position has been properly provided by law and hence payments to the incumbent are approved in

<sup>26</sup> Art. II, sec. 3.

<sup>27</sup> Art. I, sec. 9.

<sup>28</sup> 41 Stat. 68.

the final settlement of accounts. It is entirely impracticable for the Comptroller General to determine the actual activities of employees as distinguished from their nominal ones and to withhold payment of salaries because the activities actually carried on were prohibited by law. The facts often do not come to light until after all payments have been made and accounts finally settled. They generally come out after the event and through congressional investigation.

Although this situation has always presented some difficulties, it has become increasingly important in recent years with the advent of new philosophies as to the functions of the state in relation to economic and social policies. In the administrative branch, both in political and in permanent civil-service positions, are a substantial number of employees considerably to the left of the majority of the members of Congress. Some of them appear to have a conviction that it is their duty to attempt to influence Congress and in interpreting and applying laws to go as far as possible in achieving the reforms in which they believe. They are not satisfied to act and administer within the intent of Congress. The experts in the executive establishments, according to this philosophy, know more and are better equipped than the Congressmen, and the view is not accepted that "the experts should be on tap but not on top."

Such attitudes affect both the research work and the publications of some governmental agencies. The most common manifestation is to give wide publicity to the material that will popularize a program and lead to its expansion and to play down the material that might raise opposition to it.

The office of the actuary of the Social Security Agency has, for example, prepared a number of studies of the ultimate costs of old-age and survivors insurance, showing a future magnitude so great that they may have a profound effect on the economic and social system. They have not been widely publicized or popularized. What has been widely publicized is the benefits which people get from the system and the need for more extended coverage, higher benefits, and more liberal eligibility provisions. Very little has been done to dispel an apparently prevalent notion that the present taxes of 1 percent on the employee and 1 percent on the employer will supply the benefits.

Such a course might be more excusable if the problems of financing an old-age retirement system were a matter of common knowledge. On the contrary real understanding is exceptional rather than general. One of the most common ideas is that the excess of receipts over benefit payments in the early years of the system is at least evidence of solvency if not that the system can afford to pay much more liberal benefits without increases in taxes. The question should be raised as to whether in a democracy the government should not present to the people in clear and simple form an analysis of all the problems in-



volved and of their ultimate social and economic implications. The system has its benefits and its costs, and the people should decide whether the benefits are worth the costs. More specifically, initial opposition to a means test is almost instinctive, but there appears to be very little general understanding of the degree of control over the earnings of the people that will ultimately result from a universal no-means test system paying substantial benefits. If the degree of control was widely understood, it seems possible that large numbers of citizens would desire an unbiased and comprehensive study of the possibilities of developing a means test which will be stripped of most of the old features which account for its disrepute.

#### ACTUARIAL COST DETERMINATION

A proposal that there should be a single well-staffed Government actuarial unit to do all the actuarial work for the Government deserves careful consideration in connection with old-age and survivors insurance. At present actuarial work is widely scattered. Several different agencies are concerned with forecasting the future with respect to such matters as population by age, sex, race and marital condition, the birth rate, mortality, disability, wage trends, and employment.

At times there have been grounds for suspicion that the actuarial work done within a Government bureau promoting a new or revised program has been slanted to underestimate probable costs. Commonly the results of actuarial studies have not been given the prominence they deserve in view of the magnitude of the financial commitments. The existence of a strong actuarial unit entirely independent of the program-promoting agencies would be something of a safeguard. Its long-run interests and the reputation and standing of its personnel would depend on how well the forecasts were supported by subsequent facts. The agency would make its reports to the bureaus concerned, the President, the Congress, and the public. A bureau chief or a department head would not be free to determine the extent and form of publication and if he did not like the results he could not have another study made by a different group.

Three possible locations for a central actuarial office appear practicable: (1) The Treasury Department which now has a Government actuary; (2) the Bureau of the Budget or other agency or over-all administration; or (3) the Bureau of the Census, so long as it is not in a department promoting programs that involve actuarial determination of probable future costs. The responsibility of the Treasury Department for financing the Government would be something of a safeguard against serious underestimates. The Bureau of the Budget now passes upon proposals for legislation emanating from the program-promoting agencies and it would not be inappropriate for an

actuarial unit located there to determine costs. The Census Bureau is suggested because it has the equipment and the experience required for this type of work.<sup>29</sup>

The extreme cost and difficulty of an independent check or verification of actuarial forecasts deserves emphasis here. Even if a governmental reviewing agency, executive or legislative, had access to the raw data, it could hardly make the necessary tabulations and computations without great cost. Private individuals and interested private agencies do not have the resources, and very possibly would be denied access to the records. The result is that practically all parties concerned must work with and in a sense accept the actuarial findings of the originating bureau. If after the Government has embarked upon a far-reaching and expensive program it develops that the costs are substantially higher than had been forecast, it is almost impossible for the Government to retrace its steps. The practicable solution appears to be to have an independent actuarial agency do, or at least control, the original work.

Persons who follow Government work closely may point out that what has been said about the actuarial studies is applicable to other research, publications, and propaganda by program-promoting and administering agencies. It may be true that very frequently Government research and publication have not been objective and scientific. There frequently may have been a tendency to select that which supports the argument and to suppress what does not. Today, however, the National Government has not only far more varied activities but many more immediate contacts with individual citizens. Through press releases, information supplied to newspaper columnists and radio commentators and official speeches and broadcasts, the Government has an unprecedented opportunity to influence the thinking of the people. The dangers of biased Government research and publication are thus greatly increased.

Although the Government has in various ways suppressed false advertising by private individuals and organizations, there appears to be no agency to prevent the Government itself from supplying misleading information or withholding significant facts. The primary obligation for preventing misleading propaganda rests upon the officers and employees of the executive branch of the Government. A secondary obligation lies upon the Congress and its committees. Within

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<sup>29</sup> Some persons deeply impressed with the necessity for complete independence and objectivity of the actuarial work have suggested that the office of the Government actuary should be as independent of executive control as the General Accounting Office and hence should be under the Congress. Since the actuarial work involves extensive detailed use of the records of certain of the executive agencies, such an arrangement would present great practical difficulties. The Congress, however, might well have on its staff a highly competent actuary whose duties would be to follow in detail the actuarial work of the executive agencies and report to the congressional committees concerned upon its soundness and reliability.

recent years a beginning has been made in supplying the committees with research assistants who have time to study the proposals of the executive departments in considerable detail. It would be in the national interest if Members of Congress, regardless of party, felt it incumbent on themselves to detect and expose misrepresentation or bias in Government reports. Minor cases are at times, and well can be, handled by the committee or subcommittee on appropriations, whereas flagrant violations require investigation by the substantive committees.

It would be a wholesome, restraining influence if officers or employees of the executive departments believed it almost certain that their publications would be critically examined by members of the legislative branch or their technical assistants and that explanations of doubtful matters or actions would be required. The continued existence of democratic government, as we have had it in the United States, necessitates control of the government by the people. If the people are to exercise intelligent control, they must have access to the essential facts.

### **General Recommendations**

It has not been our understanding that our contract with the Commission on the Organization of the Executive Branch of the Government makes it incumbent on us to present detailed recommendations as to the policy which we believe the Government ought to follow with respect to old-age and survivors' insurance. The concrete recommendation we would make is that an able, objective legislative commission be created to reconsider the entire system in all its essential aspects and submit its findings and recommendations to the Congress and the people and that no substantial changes in the existing law be made until after that commission has reported.

## Chapter II

# OTHER SYSTEMS IN RELATION TO OLD AGE AND SURVIVORS INSURANCE

### The Railroad Retirement System

On August 29, 1935, the President approved "An Act to establish a retirement system for employees of carriers subject to the Interstate Commerce Act, and for other purposes."<sup>1</sup> Subsequent legislation regarding the Railroad Retirement System has taken the form of amendments to the basic act of 1935.

No attempt will be made in this report to present a detailed description of the system. Instead, the report will be confined to those broad facts that relate to possible issues of coordination or consolidation with the general Old Age and Survivors Insurance System.

#### COVERAGE

As the title of the 1935 act indicates, the System was designed primarily to provide for employees subject to the Interstate Commerce Act. Carriers by railroad, express companies, and sleeping car companies are the predominant ones included, but the act extends to other agencies which are part of what may be termed the railroad industry. They include, broadly speaking, without the nice refinements of law:

1. Any company which is directly or indirectly owned or controlled by one or more such carrier and operates any equipment or facility or performs service in connection with the transfer of property by railroad.

2. Various associations or organizations controlled and maintained wholly or principally by two or more included employers and engaged in the performance of services in connection with railroad transportation.

3. Railway labor organizations national in scope organized in accordance with the Railway Labor Act and their committees and local lodges and divisions.

<sup>1</sup> 49 Stat. 967.

Great emphasis should be put on the fact that the act applies only to companies and their affiliates engaged in transportation by railroad. It does not apply to companies that do not operate railroads but are engaged in other types of transportation, such as operating truck and bus lines, air lines, steamship lines, street railway lines, etc. Employees in companies engaged in other kinds of transportation and not operating covered railroads come under the general Old Age and Survivors Insurance System.

It should also be noted that another statute provides that "the term 'employer' shall not include any company by reason of its being engaged in the mining of coal, the supplying of coal to an employer where delivery is not beyond the mine tipple, and the operation of equipment or facilities therefor, or in any of such activities."<sup>2</sup> Employees of such companies are under the general Old Age and Survivors Insurance System.

#### RAILROAD SYSTEM CONTRASTED WITH OLD AGE AND SURVIVORS INSURANCE SYSTEM

When the Railroad Retirement Act and the general Old Age Insurance Title of the Social Security Act were initially adopted, the establishment of two largely separate and distinct systems seemed to present no great inconsistencies. The National Government since the passage of the Interstate Commerce Act in 1887 had followed the practice of legislating for the railroad industry and this new retirement system was but a further extension of an established line of action. There was at the time little inconsistency in fundamental principles.

Each of the two systems was to be operated on an actuarial reserve basis. Both were to be self-sustaining in that contributions from employer and employee were to be sufficient to maintain the system without Government contributions toward the cost of benefits.

Each system provided for equal contributions from the employer and the employee as expressed in terms of covered pay roll. Each adopted the device of starting with a low tax rate and gradually increasing it according to a schedule contained in the act until the taxes amounted to approximately an actuarial level premium. Taxes were to build up an adequate actuarial reserve and both acts provided for actuarial valuations.

The essential difference was that in title II of the Social Security Act the Government was legislating for employer-employee relations in general whereas in the case of railroads it was legislating for one industry in particular. This industry, as noted, was one for which

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<sup>2</sup> 54 Stat. 785.

Congress had legislated many times in the past and for the control of which it had established special agencies, notably the Interstate Commerce Commission and the agencies to help in settling wage disputes. Probably in no other industry in the Nation were the employees so completely organized. Their organizations, moreover, were in the main made up exclusively of railway employees.

While the hearings on title II were broad and general, those on the Railway Act were concrete and specific. As so often in the past, officials of the railway unions were arraigned against the operating officials. The efforts of Government officers and legislators were to no small extent directed to getting the two parties in interest together on something to which both sides would agree. With respect to the Railway Retirement Act—although not with respect to the Railway Unemployment Compensation Act—it appears that these efforts were reasonably successful and the act as finally drawn was not bitterly opposed by either side.

The differences between legislating for a general system and legislating for a specific industry were particularly great when it came to those extremely difficult questions of allowances for past services and the treatment of existing pension or retirement plans. The drafters of the original Old Age Insurance Title of the Social Security Act could and did cut the Gordian knot by allowing no benefits with respect to services rendered prior to the passage of the act and by leaving to private employers the question of how they could adapt existing retirement systems to the new general system. The original act gave very small benefits to those who retired in the early days of the general system—a fact that had a great deal to do with the subsequent amendments in 1939.

In the railway legislation no such cutting of the Gordian knot was possible. Benefits with respect to past services had to be provided and provisions for the absorption of old pension systems into the new had to be perfected. As compared with the provisions of title II of the Social Security Act, the benefits had to be substantially larger and the level premium for actuarial soundness substantially higher.

Three other points are of significance in this connection:

1. Taken as a whole the railroad industry has a very high percentage of skilled workers. For many of the positions highly specialized knowledge, attainable only on the job and often only on a particular section or division of a road, is essential. This requirement has been one of the elements of bargaining strength of organized railway employees.

2. Among the industries which employ large numbers, the railroads have paid close to the highest wages. Because of the distinctive nature

of the industry rules of operation are an important factor in wage agreements, particularly in operating branches, and hence close comparisons with other industries are difficult.

3. All the pay-roll taxes paid by railroad employers go to railroad employees, whereas under old-age and survivors insurance the taxes paid by employers with skilled and well-paid employees will go largely to pay benefits to the employees of others.

Although the Railroad Retirement System was at the beginning very different from the Old-Age System established by title II of the Social Security Act, there was relatively little sharp conflict between them. The sharp conflicts were largely introduced by the 1939 amendments to the Social Security Act that established the present Old-Age and Survivors Insurance System. Among the more important differences introduced were:

1. According to the original legislation both systems were to operate on an actuarial reserve basis with all funds supplied by pay-roll taxes levied against employers and employees. In the case of the railroad system, this actuarial principle has been retained. Taxes were advanced in accordance with the schedule in the law. When actuarial valuations disclosed that the taxes originally provided were much too low to support the system, the taxes were raised including an element which would gradually liquidate the actuarial deficit that resulted from original operation at too low a rate. When benefits were liberalized and dependent and survivors benefits were introduced, the specific taxes were increased.

In old-age and survivors insurance, on the other hand, actuarial reserve principles have been completely abandoned. The gradual increase in pay-roll taxes to approximately a level premium as originally scheduled in the Social Security Act never went into effect. Substantial benefits for those who retired in the early years of the service—an indirect way to provide benefits in respect to past services—were introduced without any immediate advance in the low taxes adopted initially to popularize the system. Benefits for dependents and survivors were introduced without changes in taxes. These changes meant that general revenues would ultimately have to be used in substantial amounts to pay for benefits and that ultimately pay-roll taxes will have to be increased.

Intelligent railway employees appreciate that although their benefits are, in general, superior they are at present paying much more per dollar of benefit than are persons under old-age and survivors insurance. They realize, moreover, that as general taxpayers, they will be required to contribute to the costs of old-age and survivors insurance when receipts from the old-age and survivors insurance special taxes

are no longer sufficient to meet benefit costs. The argument is sometimes advanced that if general revenues are to be used for old-age and survivors insurance they should likewise be used for railway employees.

2. In neither system at the outset was the concept of an insured status of great significance. Neither included directly specific benefits for dependents and survivors. Short periods of covered service would result in small old-age benefits and virtually a return of employee contributions in event of death before retirement. Introduction of dependents' and survivors' benefits in both systems resulted in the introduction of the concepts of the insured status and forfeitures on withdrawal from the system without having attained an insured status. The Railroad Retirement System had an advantage over the general system in this respect because it made some provisions for disability whereas under old-age and survivors insurance disability frequently results in a forfeiture.

The introduction of the concept of the insured status into the two systems created a bad situation. An individual might move from railroad employment to employment covered by old-age and survivors insurance or vice versa. Because of his transfer he might not attain the permanently fully insured status under either system, whereas if he had served continuously in either one he would have had that status. Legislation has been adopted that partially corrects this difficulty in that service in each is counted. Elaborate and complicated rules determine whether the individual is insured under railroad retirement or under old-age and survivors insurance.

The railroad system, as has been noted, charges more than old-age and survivors insurance and pays better benefits. Movement from one to the other is not, therefore, an entirely even transaction.

#### EXTENDING OLD-AGE AND SURVIVORS INSURANCE TO RAILROAD EMPLOYEES

If the basic principles of the Old-Age and Survivors Insurance System are to be preserved and extended, the logical course would be to apply that system to all gainful occupations. That course would mean either the complete abolition of the Railroad Retirement System or its modification so that it would be a supplement or addition to the general insurance system.

Any proposal to use governmental powers to compel a special class of employers, such as the railroads, to operate a system to give higher benefits than those provided by the general system would be questionable. Why, for instance, should the railroads be required to do



more than other public carriers in the transportation field? The existence of a compulsory supplemental system would continue the present difficulty of determining fairly how much railway service is necessary to entitle an employee to the supplemental benefits of this system.

Absorption of the Railroad Retirement System into the general system would mean that the Railroad Retirement Board would in all probability be completely abolished unless it were retained to administer the Railroad Unemployment Insurance Act. Its duties with respect to retirement would be transferred mainly to the Bureau of Old-Age and Survivors Insurance, now in the Social Security Administration of the Federal Security Administration.

The Board at present is distinctly an industry board, constituting an independent establishment of the Government. It is composed of three members appointed by the President by and with the advice and consent of the Senate. The law reads:

SEC. 10 (a) . . . One member shall be appointed from recommendations made by representatives of the employees and one member shall be appointed from recommendations made by representatives of carriers, in both cases as the President shall direct, so as to provide representation on the Board satisfactory to the largest number, respectively, of employees and carriers concerned. One member, who shall be the chairman of the Board, shall be appointed . . . without recommendation by either carriers or employees and shall not be in the employment of or be pecuniarily or otherwise interested in any employer or organization of employees. . . .<sup>3</sup>

It further provides that:

SEC. 10 (b) 1. The Board shall have and exercise all the duties and powers necessary to administer this act and the Railroad Retirement Act of 1935. The Board shall take such steps as may be necessary to enforce such acts and make awards and certify payment. Decisions by the Board upon issues of law and fact relating to pensions, annuities, or death benefits shall not be subject to review by any other administrative or accounting officer, agent, or employee of the United States.<sup>4</sup>

The law further provides:

There is hereby authorized to be appropriated from time to time such sums as may be necessary to provide for the expenses of the Board in administering the provisions of this act and the Railroad Retirement Act of 1935.<sup>5</sup>

The appropriations and expenditures for administration of the Railroad Retirement Act have been as follows:

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<sup>3</sup> 50 Stat. 314.

<sup>4</sup> 50 Stat. 314.

<sup>5</sup> 50 Stat. 317, sec. 16.

*Administrative expenditures under the Railroad Retirement Act: Amount of appropriations and expenditures in each fiscal year, 1938-47<sup>1</sup>*

Fiscal year	Railroad retirement system	
	Appropriations <sup>2</sup>	Expenditures <sup>3</sup>
Cumulative through June 1947 <sup>4</sup> .....	\$32, 798, 000	\$31, 306, 890
1935-36 .....	600, 000	599, 285
1936-37 .....	1, 305, 000	1, 295, 807
1937-38 .....	2, 825, 000	2, 818, 172
1938-39 .....	2, 955, 000	2, 917, 969
1939-40 .....	3, 254, 000	2, 810, 416
1940-41 .....	2, 998, 000	2, 904, 823
1941-42 .....	3, 150, 000	2, 877, 020
1942-43 .....	3, 041, 000	2, 845, 092
1943-44 .....	2, 554, 000	2, 375, 422
1944-45 .....	2, 499, 000	2, 431, 485
1945-46 .....	2, 728, 000	2, 675, 894
1946-47 .....	4, 889, 000	4, 755, 516

<sup>1</sup> Annual Report of the Railroad Retirement Board, fiscal year ended June 30, 1947, p. 83.

<sup>2</sup> Unexpended balances automatically lapse after 3 years, and revert to the Treasury.

<sup>3</sup> Figures for expenditures include encumbrances. Minor revisions are made retroactively in yearly totals to account for changes in the unobligated balance of each year's appropriation.

<sup>4</sup> Excludes \$3,770,000 appropriated in 1940-41 for payments to employers under the prior-service program of which all but \$499 has been expended.

The provisions with respect to the railroad retirement account under existing conditions constitute an indirect governmental subsidy to the system. Actuarial computations are made on the basis of 3 percent interest on the reserve. Special Government obligations may be sold to the fund which "shall bear interest at the rate of 3 per centum per annum. Obligations other than such special obligations may be acquired for the account only on such terms as to provide an investment yield of not less than 3 per centum per annum."<sup>6</sup>

The special obligations sold to the old-age and survivors account bear interest "at a rate equal to the average rate of interest, computed as to the end of the calendar month next preceding the date of such issue, borne by all interest-bearing obligations of the United States then forming a part of the public debt."<sup>7</sup> The rate of interest on the Federal Old Age and Survivors' Insurance Trust Fund is, however, no longer of much more than academic concern because the Government will have to make heavy appropriations to meet the benefit costs in later years.

## ALTERNATIVE PROPOSALS

Before the railroad retirement system is absorbed into a comprehensive, universal old-age and survivors system, an alternative based on entirely different principles deserves consideration. Its essentials would be:

1. To encourage the development of both public and private systems providing old age, disability, and survivorship benefits so designed

<sup>6</sup> 50 Stat. 317.

<sup>7</sup> 53 Stat. 1363.

that there are no forfeitures of an employee's rights upon removal from one employer or one industry to another. As has already been demonstrated, establishment of private retirement systems with desired characteristics can be encouraged by exempting within limits contributions to such systems from taxation.

2. To encourage the self-employed to make comparable provision for himself and his dependents through voluntary insurance again by granting tax exemptions on money so saved up to a reasonable maximum. The Government would not take the money away from him by taxation to pay the costs of compulsory social insurance; it would instead forego the taxes.

3. Insofar as practicable to encourage the development of individual retirement contracts that move with the insured as he moves. Successive employers pay their share of the premiums, and if the insured goes into business for himself he can continue to pay all the premiums.

4. To provide for those who encounter the disasters of life without the minimum necessary resources through a general system which uses a modern-means test and gives only such benefits as are necessary to bring the resources of the individual and those dependent on him to the minimum standard established by law.

Two major reasons led to presenting this proposal for consideration:

1. As the case of the railroad retirement system indicates, a universal, comprehensive no-means test system creates strong pressure toward uniformity and regimentation.

2. A no-means test system means that a very substantial part of the earnings of the bulk of the people will pass into the National Treasury to be disbursed in accordance with the decisions of representatives who must give consideration to their reelection. Elections may be controlled by groups possessed of the balance of power who place individual benefits above maintenance and advancing the productive power of the Nation upon which real social security depends.

The alternative means that the reserves developed for private retirement systems and those of State and municipal governments will be invested and used by instrumentalities other than the National Government. It will not result in the high degree of centralization of power in the National Government that is inherent in a universal, comprehensive no-means test system. If the power is decentralized, political pressures are likewise decentralized.

Another possibility not involving the use of a means test would be to have the universal old-age and survivors system provide relatively small uniform benefits with the expectation that they would be supplemented by other public or private systems.

## Collective Bargaining on Pension Plans and Old-Age and Survivors Insurance

The railroad retirement system, as just noted, is an industrial system adopted by the Congress and administered by a board representing the employees, the employers, and the public. President Roosevelt urged employers and employees to get together and work out something which would be mutually acceptable, which they did. The results were embodied in an act of Congress.

In recent years the development of pension and welfare funds for the organized employees of other industries has become a matter for collective bargaining. It has been held logically that the pension privileges and other similar privileges that an employee earns or acquires as the result of his services are part of his compensation. The law requires the employer to bargain collectively with the recognized union with respect to compensation and hence with respect to pension rights and welfare funds.

What distinguishes such collective bargaining systems from the railroad retirement system is that the Government has exercised a degree of regulation over employer and employee relations in the railroad industry that it has not extended to other industries. It adopted the railroad system in all its minute detail. The systems that are growing up under the new practice are not now passed upon or approved in detail under existing law, nor is there a general law regulating them in detail.

A thorough consideration of the economic and social problems that this new practice presents lies beyond the scope of this report. It is germane, however, to call attention to the problem of coordinating such systems with old-age and survivors insurance.

Let it be assumed that the National Government materially increases the benefits under old-age and survivors insurance and maintains the relationship between the amount of benefit to the average earnings during coverage. Then members of unions who have attained substantial pension rights through collective bargaining will draw two benefits—the one provided by old-age and survivors insurance and the other from the collective bargaining system.

If there were no problem of paying for such double benefits, few would be disturbed by them. It is the element of cost and its distribution that requires consideration.

The proposal for an expanded and liberalized old-age and survivors insurance, as previously noted, will by the year 2000 result in costs amounting to from 10 to 15 billion dollars a year. These figures mean that from about 5.9 to 9.7 percent of pay roll will be required to support the system. According to the leading proposals, employee taxes

will furnish about a third of the required sum, employers' taxes another third, and general taxes will meet the balance.

Under collective bargaining systems it may be assumed that efforts will be made to have employers pay the entire cost. Costs, it will be argued, should come out of profits.

Both the employer's tax for old-age and survivors insurance and his costs for the collective bargaining system will become elements in the employer's labor costs and hence in his costs of production. Insofar as the employer is paying Federal taxes on his profits, he gives to his employees through the retirement system some money which would otherwise have gone into the National Treasury to help meet the costs of government. Insofar as economic conditions will permit, he will pass along some of his costs to consumers in the form of higher prices. The costs of dual benefits will thus be very widely distributed and very effectively hidden.

It seems reasonable to assume that the establishment of collective bargaining funds and the nature and amount of benefits will depend in part upon the bargaining strength of the various unions. That strength turns to a considerable degree upon how essential the product of the industry is to the national economy. Strong unions in essential industries will presumably be able to get good wages and good benefits. Unorganized workers, organized workers in a poor bargaining position, independent businessmen, and farmers will be dependent primarily upon their old-age and survivors insurance benefits, although directly or indirectly they will be paying to support double benefits for members of those organizations which are strong enough to get them.

Lapses may become a significant factor in collective bargaining systems, especially in industries in which the volume of employment proves relatively unstable. If a worker leaves an industry because of a reduction in the volume of employment and does not return to it, will he have any vested rights with respect to his service in the industry? Two alternative subquestions are pertinent: (1) If he continues to maintain his membership in the union or (2) if he drops his membership because he has found other employment or because he cannot or does not want to pay required dues? Will double benefits be available only to those who have many years of service as members of the union who obtain the establishment of the system through collective bargaining? Lapses of course diminish the demands upon the fund or, in other words, reduce the level premiums which would be necessary to operate it on a sound actuarial basis.

What courses are open to the Government under these circumstances? The principal ones are:

1. To leave old-age and survivors insurance much as it is today, with all its inadequacies and injustices and its administrative costs on

the theory that increased wages have greatly reduced its economic significance. Workers will have to make provision in other ways. If they fail, public assistance grants with a means tests will have to make up the deficiencies in old-age and survivors benefits.

2. Extend old-age and survivors insurance and increase its benefits along the lines proposed by the Federal Security Administration and the Advisory Committee and leave the unions free to get whatever they can in addition through collective bargaining.

3. Revise old-age and survivors insurance so that it will provide a small uniform benefit for each worker and a small uniform benefit on a per capita basis for each dependent in the several recognized classes and leave the unions and others free to make such additional provision as they can.

4. Extend old-age and survivors insurance and increase its benefits and by law make it the exclusive system.

5. Extend old-age and survivors insurance and increase its benefits and by law regulate the nature, extent, and administration of supplemental systems.

6. Substitute for old-age and survivors insurance a means-test system which will provide for those who are not successful in meeting their needs in any other way.

7. Adopt a general law, somewhat similar to a general incorporation act, setting forth the terms on which an industrial system, an employer system, or a collective bargaining system may be established. Provide further that when such a system has been approved and established it is outside old-age and survivors insurance, as the railroad retirement system and the Federal retirement system are now outside. Old-age and survivors insurance would then become the residual system operated by the Government on behalf of those workers and their dependents not otherwise covered. Such a system to be effective would have to contain provisions whereby rights would immediately vest, so that persons who had served under several different employers would have old-age and survivors benefits with respect to all their services.

Several of these possibilities obviously are complicated and present administrative difficulties. The explanation is that the situation confronted in this field is extremely complicated. It does not become workably simple until the people make up their minds as to what they really want.

To take collective bargaining systems as an example: Do the labor unions want relative freedom under reasonable regulatory laws to develop employer or industry systems through collective bargaining? Or do they want old-age and survivors insurance to be developed into something approaching a universal, comprehensive retirement system itself providing reasonably adequate benefits bearing some relation-

ship to previous earnings? Some may reply promptly that they want both—to have the advantage of double benefits. Some students of the subject have had a great concern lest the burdens of old-age and survivors insurance become so great that the active workers of the future will have difficulty in paying the promised dollar benefits to the retired in dollars with something approaching 1936 purchasing power. To supply goods and services for themselves and for all the retired, some of whom would be drawing substantial double benefits, would seem to threaten an intolerable load. Escape would lie in increased wages and prices which would cut the purchasing power of the retired. Such a course would bear heavily on those dependent exclusively on old-age and survivors insurance benefits and would deprive the others of the seeming advantage of double benefits. Cost factors would seem to require that organized labor, looking ahead to inevitable increases in costs for retirement benefits, should make a choice.

To a considerable degree the American people face the same type of choice. On the one hand is the high degree of control of the individual necessary to make an elaborate old-age and survivors insurance system operate so that it will provide real social-security benefits with fairly stable purchasing power. On the other hand is the high degree of individual freedom under reasonably regulatory statutes that has in the past characterized the American system. The more conservative and modest the formal social-security system, the less departure from the old freedom of individuals and private groups; the more liberal and intricate the system, the more it will demand a controlled economy with Government regulation of prices and wages.

## **Federal Government Retirement Systems**

The Government of the United States has developed, over the years, in dealing with persons who have served it in one way or another, numerous systems that the Congress deemed suited to the particular situation which the Government confronted. If universal, comprehensive old-age and survivors insurance is introduced, many of these systems will have to be radically revised to bring about integration of eligibility requirements and benefits.

Among the most important Federal systems involving benefit payments to individuals are:

1. The provisions for veterans of the armed forces of the United States, particularly veterans of wars. No attempt will here be made to go into this subject in detail, but because of high costs there is a serious question as to whether veterans' benefits should be additions to benefits accruing to veterans under a universal, comprehensive old-age and survivors insurance system.

2. The provisions with respect to the retired pay of the members of the armed services of the United States. The policy of the National Government has been to make the Army, the Navy, the Air Force, the Marine Corps, the Coast Guard, the Coast and Geodetic Survey, and the Public Health Service career services so far as the commissioned personnel is concerned.<sup>8</sup> Elaborate and, to the layman, complicated pay tables have been adopted applicable to all these services which are parts of the armed services in time of war. They provide active pay and retired pay; and retired pay is available whether the cause of retirement is age or disability. The system is entirely noncontributory and operates without any reserves or funds. Money is provided by annual appropriations.

3. The provisions with respect to the retirement of Federal judges operated on a retired-pay basis.

4. The provisions adopted to make the professional and technical positions in the Foreign Service into a career service. The objective of the basic legislation—the so-called Rogers Act of 1924<sup>9</sup>—was to recruit able, well-trained young men and have them devote their lives to it. Provision for retirement is essential under such a system. The system set up is contributory with the officers paying 5 percent on salaries upon to \$10,000. Benefits are 2 percent of average annual basic salary for the 10 years next preceding the date of retirement multiplied by the number of years of service not exceeding 30. Thus retired pay of 60 percent of the average base pay of the 10 years preceding retirement is possible.<sup>10</sup>

5. The provisions adopted for certain special classes of municipal employees in the District of Columbia—policemen, firemen, and teachers. These systems are contributory and operate on an actuarial reserve basis. The police and the fire systems, as is usual in systems for these services in municipalities, have relatively low retirement ages and have broad definitions of disability. As in the case of Army and Navy officers, it is not at all unusual for persons retired from these so-called athletic services either on the ground of age or disability to obtain employment in other occupations.

6. Provisions for certain other special services or agencies of the Government or agencies over which the Government has some control. Among them are:

a. The Canal Zone retirement system, established under an act of March 2, 1931,<sup>11</sup> administered by the United States Civil Service Commission.

<sup>8</sup> The requirements of modern warfare will necessitate a substantial increase in career services for various technicians who enter the service as privates and remain for most of their working years.

<sup>9</sup> 41 Stat. 140.

<sup>10</sup> 22 U. S. C. 16-21.

<sup>11</sup> 46 Stat. 1471.



b. The Alaska Railroad retirement system established under an act of June 29, 1936,<sup>12</sup> administered by the United States Civil Service Commission.

c. The retirement system of the Tennessee Valley Authority.

d. The retirement system of the Federal Reserve System.

7. The general civil-service retirement system, applicable to employees not covered by any other plan in the executive branch of the Government and the government of the District of Columbia and under certain conditions to Members of Congress and employees of the legislative branch. This system is contributory and is operated approximately on an actuarial reserve basis. At present the employees contribute 6 percent of base pay. The Government pays something like the same amount and it pays the additional costs arising with respect to services rendered before the system was adopted, with respect to military service and with respect to certain salary advances. Benefits are based on the average salary for the best five consecutive years in the service and hence a sudden sharp increase in salaries may throw the fund temporarily out of actuarial balance and increase the liability of the Government.

#### REASONS FOR RECONSIDERATION

A proposal to make old-age and survivors insurance universal would presumably lead to a reconsideration of all these systems. Among the reasons why reconsideration would be necessary are the following:

1. In many cases persons move from positions under old-age and survivors insurance into positions under one of these Government systems or vice versa. Most of the systems require a prescribed length of service before an employee acquires a definite right to a benefit, although several of the Government systems provide for a return of an employee's contributions if he withdraws before his full rights have been vested. Thus it is possible for an employee to fall between two stools, to have almost no benefits under any system, whereas had all his service been under any one he would have had benefits under that one. It is likewise possible for him to acquire benefits for service under one but no benefits for service under the other. If length of service increments are an important factor in the benefit formula, loss of credit for service may be important.

2. Some Government systems provide for (a) retirement at a relatively early age because the work requires high physical capacity and (b) disability retirement at even earlier ages is provided if the individual is no longer able to perform the duties of his position. Neither

<sup>12</sup> 49 Stat. 2017.

his age nor his disability necessarily precludes engaging in other gainful employment. As a result, retired employees under a governmental system may take gainful occupations under old-age and survivors insurance and acquire additional benefits for themselves or their survivors, or both. Two subsidiary factors are important in this connection:

a. If the Government wishes to draw men into a career service in which its interests dictate an early compulsory retirement age and disability retirement if physical and mental condition falls below a relatively high standard, it offers—it probably has to offer—comparatively high retirement benefits or pay. It has under present conditions no reason for prohibiting further gainful employment. Forcing these men out of subsequent gainful employment would be contrary to their interest and contrary to the public interest since it would diminish productive capacity.

b. For social, economic, and possibly political reasons, old-age and survivors insurance attaches little weight to length of service in the benefit formula. Some proposals would eliminate it entirely. Thus the relatively high benefits for persons retired early from some Government systems would be supplemented by relatively high benefits under old-age and survivors insurance, at least for survivors and possibly for the employee himself.

3. Some of the Government systems are operated primarily for services that have no employees except those in the middle and upper pay brackets. These career services recruit only persons who have the requisite relatively high educational qualifications at entrance. The government has made the positions attractive by offering a reasonably satisfactory entrance salary, a high degree of permanence of tenure, and good retirement allowances. Base pay for the successful has never been attractive as compared with earnings of successful men in private enterprise. Old-age and survivors insurance is not in the long run attractive to persons in the middle and upper earnings brackets.

4. With respect to the upper scientific, professional, and administrative positions under the general civil-service retirement system, the Government has faced some of the same problems as those just mentioned in connection with the career services. When the original general retirement act was passed, all covered employees paid the same contribution—21½ percent of salary—regardless of the amount of salary, but maximum benefits were restricted to \$720 per year.<sup>13</sup> This arrangement was repulsive rather than attractive to persons possessed of the qualifications for the more responsible positions. Gradually over the years the Government has improved its allowances for per-

<sup>13</sup> 41 Stat. 614.

sons in the middle and upper brackets. At present a person whose average annual basic salary for the highest five consecutive years of service is \$5,000 or over gets an annuity of  $1\frac{1}{2}$  percent of such average salary multiplied by the number of years of service. Under this system about 33 years of service yields for these employees an annuity of half pay; 40 years of service yields 60 percent of base pay. The man whose average pay for the highest five consecutive years is \$5,000 will thus get \$2,500 after about 33 years of service and \$3,000 after 40 years of service. Old-age and survivors insurance at present limits maximum benefits to any one individual and his dependents to \$85 per month.

The old-age and survivors insurance system operates as a device to redistribute the earnings of the people in accordance with a governmentally determined formula. Although all employees pay the same tax on their earnings up to \$3,000 a year, the benefits with respect to the first \$600 are four times as great as those with respect to the remaining \$2,400. This system is basically inconsistent with the past practice of the Government, which has been to attract people to its service by relatively high entrance salaries, great permanence of tenure, and good retirement allowances.

#### SUPPLEMENTING OLD-AGE AND SURVIVORS INSURANCE

If old-age and survivors insurance should be extended to cover all Federal employees, what course would the Government pursue in its own compensation plans and in other aspects of its personnel administration?

Two courses appear open to it:

1. To have old-age and survivors insurance the only retirement system for its own officers or employees.
2. To have one or more retirement systems designed to supplement old-age and survivors insurance benefits.

To rely exclusively on old-age and survivors insurance would be simple and politically expedient. The Government would, however, be placed in a difficult competitive position if other employers were supplementing old-age and survivors insurance benefits, paying much better salaries, or offering much greater opportunity for advancement. It might experience again the old situation which existed prior to the adoption of the general retirement system, when elderly employees held onto their jobs as long as they could and administrative officers were unwilling to force them out. It has seemed reasonably well established over the years that the retirement allowances for employees occupying positions of responsibility that call for initiative and leadership must be a substantial percentage of the salary of such posi-

tions if the retirement system is to enhance the efficiency of Government. Superannuation in these upper responsible positions is detrimental to the entire organization.

An attempt to supplement the old-age and survivors insurance by special systems applicable to the several distinctive governmental services would bring into sharp focus conflicting philosophies. The several Government systems have been designed to meet the needs of the particular services affected, to attract and hold qualified men and women and to provide for their retirement when their powers fail. Attention is focused on the efficiency of the organization, as is notably the case not only in the armed forces but in the scientific, professional bureaus of the Government, such for example as the Bureau of Standards, the Public Health Service, and the Forest Service. Good retirement systems adapted to the needs of the organization are an essential device in making them career services. Old-age and survivors insurance, on the other hand, has a social and economic philosophy that favors the persons with smaller earnings to a considerable degree at the expense of those with higher earnings. Coupled with progressive taxation on incomes and inheritances, which will be used when Government contributions become necessary, it is an equalizing or leveling device.

A Congress faced with a proposal for a supplementary system for a governmental service would thus face a difficult situation. Should it provide a special system that will tend to counteract the objectives and the effects of the universal system? No attempt will here be made to discuss the various possible methods of supplementation, but it should be pointed out that old-age and survivors insurance benefits are a far higher percentage of earnings for the person with low average earnings than for persons with higher average earnings.

Equal supplementation over the entire salary scale would be costly and produce curious results. Could the National Government require its upper-bracket employees to contribute a much higher percentage of pay than the lower-bracket employees and then itself match these higher taxes so that on a percentage basis it would be doing more for its high-paid officials than for its lower-paid employees? In this connection it should be noted that farmers, business and professional men working on their own account would have only old-age and survivors insurance benefits unless they elect voluntary insurance or annuity contracts, a fact which might become a strong argument against governmental supplementary systems.

Supplemental systems, it should be noted, do not eliminate the problem which arises from movement into or out of the National Government service. Does the man or woman who works for the Government for a number of years and then withdraws get the supplemental benefits? Is the able administrative, professional, or

scientific man drawn into the Government service in his prime permitted to count any of his pregovernment years toward supplemental benefits? Does the supplemental system base supplemental benefits on average pay throughout service, as in old-age and survivors insurance, or does it base benefits on the average of the best 5 years, average for the last 10, or pay and rank on the termination of service?

#### THE QUESTION OF ORGANIZATION

Among the suggestions made to members of the Brookings Institution during the course of the present study is one that the administration of the general Federal retirement system should be transferred from the United States Civil Service Commission to the Federal Security Agency. This proposal has been given some consideration.

If the National Government should bring all its officers and employees under old-age and survivors insurance and abolish all its other retirement systems, the Bureau of Old Age and Survivors Insurance of the Federal Security Agency obviously should administer the system. The Government would merely supply the bureau with appropriate copies of pay rolls in the required form and the bureau would prepare and maintain the records as it now does in case of private employees.

If the National Government maintains the several retirement systems for its distinctive services or if it adopts supplemental systems for them, no good reason appears for transferring administration of them to the Federal Security Agency. The existing allocation of authority over retirement systems rests on the fact that retirement systems are related directly to compensation and that compensation is a vital part of personnel administration. In our judgment it would be highly undesirable to segregate retirement from the other factors of personnel administration and to transfer it to an operating branch of the National Government that has no general over-all responsibility for any other element in Government personnel administration.

The experience of recent years in the field of personnel administration suggests, on the contrary, the desirability of more decentralization of personnel authority. The objective is to give the several distinctive services greater authority to operate in a way they believe will give maximum efficiency subject to broad and general review of their action by central agencies.

This development is away from uniformity and toward more diversity or flexibility as each service becomes freer to meet its problems in its own way. Time has not permitted of a detailed study of each and every retirement system operating under the National Government. Even a cursory examination, however, discloses significant variations. If the objective is efficient administration of the several services, the criterion for critical examination is not

whether they conform to a standard pattern but whether they are well adapted to the particular services to which they apply. For example, to pass on the merits and defects of the system used for commissioned personnel of the armed services and their affiliates in our opinion would require a thorough study of the entire problem of staffing these agencies with career personnel.

One distinctive economic fact applicable to all National Government systems should be noted. Ultimately the taxpayers of the Nation supply with respect to employees of the National Government (1) their take-home pay, (2) the amount, if any, they contribute to the retirement systems, (3) the amount the Government contributes to the retirement system or pays as retired pay, (4) sums necessary to pay benefits in respect to past services, and (5) deficits in contributory systems that result from unanticipated changes in salary levels, often resulting from unexpected changes in price levels. The real concern of the taxpayer is with the aggregate cost of the services rendered. If the armed services find that relatively low active-service pay and comparatively high retired pay gives better results than much higher active pay and much lower retired pay, the taxpayer should be primarily concerned with the effect of changes in total cost.

In discussing the extension of old-age and survivors insurance to the self-employed and to employees of private employers or institutions and of State and local governments, the point was made that these workers now uncovered had a right to share in the distribution of public funds to individuals now being made under old-age and survivors insurance. All classes should, it can be maintained, have equal right to share in such a distribution. This point has little weight, however, with respect to employees of the National Government because the taxpayers are already contributing to their retirement as part of their pay. Whether the Government pays the social-security tax on their salary plus the cost of contributions to a supplemental system, or whether it pays to a distinctive system, does not appear to involve discrimination of the type which appears objectionable when the Government is dealing with workers not in the service of the National Government.

### **Employees of Other Governments**

Employees of State governments and their subsidiaries, such as county and municipal governments, were excluded from the operation of old-age and survivors insurance. A basic reason for this exclusion was that under the Constitution the National Government cannot levy an employers tax against a State and its instrumentalities, such as it levies against private employers. If in the quest for universality

of coverage under old-age and survivors insurance States and their instrumentalities are to be brought in, the States must come in under voluntary agreements.

#### PROVISION FOR CANCELLATION

In connection with voluntary agreements one legal point is of practical importance. Under the American system of government, no legislature can bind a subsequent legislature. In the absence of constitutional amendments to either the National Constitution or the constitutions of the several States, the States entering into a voluntary agreement to come under old-age and survivors insurance would have the right subsequently to cancel that agreement. It would seem, therefore, that any legislation permitting the States to come under the system should do two things: (1) Provide an orderly method for withdrawal, and (2) fully protect the interests of State and local employees in their own contributions and those made by employers on their account should a State withdraw.

#### REASONS FOR INCLUSION

The three major reasons for inclusion of the employees of a State and its subsidiaries are briefly:

1. There is movement from State and local employments to private employment and vice versa, creating all the difficulties previously discussed with respect to insured status and benefit rights.

2. Unless these employees are included, they cannot participate in the windfall benefits available in the early years of old-age and survivors insurance or in the heavy Government contributions which will develop as the system matures. In a sense, they are victims of discrimination. They cannot get the protection that is now available by contributing only 1 percent of their earnings not in excess of \$3,000.

3. Employees of State and local retirement systems which permit of retirement on benefit at an early age or for disability that unfits them for active service but not for remunerative gainful employment may draw benefits both from old-age and survivors insurance and the State or local system and their survivors may have rights under both systems. Government provision of double benefits at the expense of general taxpayers can hardly be justified.

#### SUPPLEMENTAL SYSTEMS

If the States should elect to come under old-age and survivors insurance, several of them might desire to have supplemental systems for policemen, firemen, school teachers, and upper-bracket administrative, professional, and technical employees. The conditions governing re-

tirement and the amount of benefit under old-age and survivors insurance would not be well adapted to the police and fire services. The scale of benefits and the formula might not meet, for example, the needs of the faculties of State educational institutions nor of medical staffs of State hospitals.

The National Government, moreover, might make acceptance of old-age and survivors insurance conditional upon agreement by the States that they would not adopt supplemental systems that would counteract the basic principles of the old-age and survivors insurance formula. In the absence of such conditions, a State could have supplemental systems that in their judgment met their requirements for efficient service but were in conflict with the philosophy of old-age and survivors insurance. Such systems would pay old-age and survivors insurance benefits plus whatever the States might pay in addition.

The States and municipalities might, moreover, want to make revisions as old-age and survivors insurance matures. The high cost estimates of the Advisory Council on Social Security are based on the assumption of a pay-roll tax—presumably divided equally between employer and employee—of 3 percent for 1949-56; 4 percent for 1957-71; 5 percent for 1972-80; 6 percent for 1981-89; and 7 percent thereafter. The National Government in the later years would be contributing in the neighborhood of 3 percent additional. The cost of supplemental benefits would be added to the contributions of the State and presumably to the tax upon the employees. The taxpayers of the State would be carrying the State costs, and in the States with the higher incomes they would be contributing heavily toward the payments made by the National Government. It is entirely possible that some States would find that if they withdrew from the National system and operated one of their own they could have something more satisfactory at less cost than old-age and survivors insurance plus supplementary plans.

#### FEDERAL-STATE RELATIONS

Proposals for the extension of old-age and survivors insurance to cover State and local employees thus involves the larger issue of Federal-State relations with which the Commission on the Organization of the Executive Branch of the Government will be deeply concerned. As in grant-in-aid legislation, the National Government would offer the States a financial inducement voluntarily to enter the system. To repeat, the inducements would be:

1. Initial benefits for their employees at far less than true actuarial cost.
2. Subsequent Federal participation in financing to the extent of roughly about one-third of costs.



In return for these financial advantages the States would:

1. Be bound by the terms of the national act with respect to the conditions of eligibility and the benefit formula.
2. Possibly, although not necessarily, limited in developing supplemental systems by conditions in Federal legislation.
3. Be required to pay the employers' pay-roll tax into the National Treasury with the possibility that a substantial part of what it paid in respect to its upper-bracket employees would not accrue to the benefit of those employees.
4. Discover in later years that the tax on the State and its subsidiaries plus the general taxes paid to the National Government to support the system would exceed the benefits flowing back to the State. This development would result from the equalizing factors in the national law.

Extension of the system to States and their subsidiaries would represent an extension of the power and control of the central government. In this instance, it would reach into the State and local governments themselves, since if coverage is to be practically universal every employee of the State and subsidiary governments would be covered by the national system. That system would be beyond the control of any one State.

If the objective is to maintain or to restore the maximum independence and responsibility of the States, consideration will be given to the major alternative proposal.

### **Private Educational, Eleemosynary, and Religious Institutions**

The present law excludes from old age and survivors insurance:

SEC. 209. (b) (8) Service performed in the employ of a corporation, community chest, fund, or foundation, organized and operated exclusively for religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals, no part of the net earnings of which inures to the benefit of any private shareholder or individual, and no substantial part of the activities of which is carrying on propaganda, or otherwise attempting, to influence legislation.<sup>14</sup>

It is obviously unjust that employees of organizations of this type should not share in the insurance at less than actuarial cost now provided for certain classes of workers or in the Government contribution to come later. It is unquestionably true, moreover, that some, perhaps many, employees of such organizations receive comparatively low salaries or wages and have relatively little social security. These

<sup>14</sup> Compilation of Social Security Laws, Federal Security Agency, 1947, p. 20.

groups clearly were not excluded on the ground that none of them required protection, although some of them obviously were well able to care for themselves or were connected with institutions that had good retirement systems.

Probably the major reason for exclusion was the serious question as to the wisdom of submitting institutions of this character to taxation. Traditionally most of them have been exempt since they are nonprofit and they have been supported by what may be broadly termed philanthropic gifts and bequests. Although this difficulty was present in all these cases, it was peculiarly acute with respect to religious bodies and educational institutions supported by or affiliated with them. The basic doctrine of separation of church and State was involved. This doctrine cuts two ways: Use of Government funds to aid in compensating the workers in religious institutions, and the introduction of Government regulations and controls over them on however modest a scale.

Exemption of these institutions from the employers' tax on pay roll would, of course, escape the difficulty of taxing funds raised philanthropically but such action would only increase the other objection of Government grants to religious agencies. The Government then would ultimately be contributing not one-third but two-thirds of the old age and survivors insurance.

Making participation voluntary might overcome the objections of persons in these fields who fear any taxation whatsoever and any element of Government regulation and control. It does not, however, resolve the difficulties with respect to subsidization. So far as our information and analysis go, that issue is one of the extent to which the government subsidization involved would be regarded as objectionable.

A conflict would arise in the cases of many institutions between the social and economic philosophy of old age and survivors insurance and the personnel policies of the agency. Some of the educational and research institutions spend most of their funds for highly trained faculties and staffs and very little for employees in the low income brackets. As old-age and survivors insurance matures, they might find that their professional employees through the pay-roll tax on their salaries were paying the bulk of the cost of their own benefits under the system and the proceeds of the tax on the institution itself were going elsewhere. They might, moreover, find it difficult to obtain the money to operate supplementary systems. They would have to pay both the pay-roll tax and the employer's share of the supplementary system. The combination system might easily cost more than an exclusively institutional one and give results less satisfactory from the standpoint of the institution and its employees.

Many private institutions are confronted with serious financial problems. Increased costs of operation and diminished returns on endow-

ment funds are major difficulties. Educational institutions may get a measure of relief through increase of tuition and other fees, but others may have little income from fees for services. Many of the private institutions, notably those in education, are in competition with tax-supported agencies. Imposition of a pay-roll tax for old-age and survivors insurance on these private agencies would by that much add to their difficulties.

Difference of opinion undoubtedly exists as to the economic and social value of these private institutions. Persons whose thinking leads them in the direction of a planned economy and a high degree of governmental control would presumably not be disturbed by the replacement of many of the private institutions by public agencies. Movement in the direction of a totalitarian state tends to eliminate minorities which want something different from what the Government supplies or want to experiment with an idea that has not yet gained sufficient acceptance to be incorporated in a governmental program. In the past, private individuals and groups, frequently small minorities in their respective fields, have been the experimenters and the innovators developing programs that have subsequently been widely accepted.

If great importance is attached to preserving the freedom of private institutions and of minority groups, the Government will not extend the present system of compulsory old-age and survivors insurance to them. It would leave them largely free to follow the light as they see it. Should hazards of life overtake employees of such agencies or their dependents, creating need, the Government will relieve that need on an individual basis without reference to the agencies or organizations with which they have been connected.

## Taxation and Exclusions

In the preceding discussion of State governments and their local subsidiaries and of educational, religious, and eleemosynary institutions, it was pointed out that the present exclusions are primarily due to legal and other difficulties in subjecting such organizations themselves to the pay-roll tax on employers. It should be clearly stated that the employees of such agencies are subject to personal income taxes levied by the National Government.<sup>15</sup>

If the Congress should so desire, it could make old-age and survivors insurance practically universal by financing it either exclusively through a personal income tax or through such a tax supplemented by

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<sup>15</sup> Officers and employees of States and political subdivisions, agencies and instrumentalities were made subject to Federal income tax by the Public Salary Tax Act of 1939 (53 Stat. 574).

Federal contribution from general revenues. Such a system would do away with all distinction between the independent worker and the employee working for a covered employer. Whether a person with income had an employer or not would be entirely immaterial as would be the question of the nature of the activities of the employer. An individual would remain subject to the income tax so long as he had income regardless of his movement from one occupation to another.

Since the Nation now has personal income taxation, it would be relatively simple so to extend the tax to make it include a special earmarked portion to support a redesigned old-age and survivors insurance system. So far as employees working for employers are concerned, the tax could be withheld at source. The system could operate whether the contribution required was: (1) A certain percentage of the first \$3,000 of earnings as at present or of any other prescribed amount, (2) a certain percentage of all earnings, or (3) a fixed sum.

The objection to such a relatively simple system is that it does not readily permit of relating benefits to earnings. It is highly questionable, however, whether such a relationship has social and economic advantages that warrant the high administrative costs that it involves. Experience to date suggests that either average monthly earnings during coverage or total earnings during coverage relate to far too long a period to be desirable determinants of the amount of benefits on retirement. The stability of wages and prices that such a system presupposes has not yet been achieved.

Persons retired on account of age or disability and the dependents of such people or of workers who have died require benefits based on current costs of living. A simple system that assured fixed uniform benefits to give a modest living to all who are victims of the hazards covered would seem preferable. If such a system seems too costly, consideration could well be given to an objective modern means test.

If a means test is used such a system does not interfere with the development of public or private retirement systems designed to meet the needs of particular employments. If under a no means test system uniform benefits are kept small, public and private supplementary systems can easily be designed and operated. Large benefits, however, means costs so high that they interfere with supplementary benefits.

Under the no-means test uniform benefit system the happening of the contingency would be the sole criterion of eligibility. Under the means test system, the happening of the contingency and lack of resources would be the criterion. Members of the system would pay the earmarked special tax when they had income, and they would be excused from payment when they had no income or no income above possible exemptions. Persons who do not earn or have income after the establishment of such a system would be allowed benefits just the

same, either with or without a means test. The objective would be to provide for persons in need and not to complicate providing for them by elaborate and administratively costly insurance concepts that in fact abandon most of the financial principles of insurance.

Under either of these two plans the present public assistance programs could be largely absorbed into the universal system.

If a means test system should be used Federal grants-in-aid with State and local administration would be indicated. If uniform benefits were paid without any means test the present plan of national administration might well be continued.

## Chapter III

### PUBLIC ASSISTANCE

The major issues with respect to public assistance lie in the field of the relationships between the National Government and the several States. Upon the assumption that these relationships will be carefully reviewed by the Commission on Organization of the Executive Branch of the Government, the present report will be confined to a broad statement of the nature of these relationships in the administration of public assistance. It will give a brief history of the origin of Federal participation in public-assistance programs, a summary statement of the major features of that participation and its limitations, and a brief discussion of alternative possibilities for future action.

#### Development of Federal Participation in Public Assistance

Relief of need from public funds when other resources are lacking has always been a function of government in America. Prior to the depression of the thirties it was predominantly a function of local government, financed and administered by the municipalities or the counties. Over the years persons in need from certain specific causes were segregated out from the mass and given special treatment, often with State financing and State administration, but general public assistance remained within the domain of local government. It was the exception rather than the rule for the State to participate to any substantial extent in either administration or financing.

The national Government played almost no role in public assistance. Three of its activities that affect the field deserve mention however.

1. The national Constitution gave the Congress jurisdiction over commerce with the Indian tribes, which embraced practically the administration of all Indian affairs. In one form or another the Nation has long given relief to its Indian wards.

2. In time of disaster the National Government has frequently given relief in money, goods, or services. For farmers hard hit by droughts, floods, and other natural disasters it has provided seed and feed loans on a noncommercial basis. Since World War I administration of dis-

aster relief has largely been in the hands of the National Red Cross, a quasi-public agency with voluntary chapters in local communities all over the country largely supported by voluntary contributions.

3. The National Government has always made provision for the veterans of its wars and certain of their dependents. The individual States have likewise often made special provisions for them. In the South, several of the States provided for the veterans of the Confederate Army and their dependents. When the veterans of the Civil War and of the Spanish-American War reached the later years of life, service pensions were granted that removed any necessity for providing either because of disability or need. The existence of veterans' benefits of one kind or another often made unnecessary the granting of public assistance from public funds. The Grand Army of the Republic, with its ladies auxiliary, was the prototype for organizations of the veterans of later wars. These organizations frequently have what may be termed family service units that assist in time of disasters.

Relief of distress was to a very substantial extent a private function. Inherently it was a function of the church. As urbanization progressed in the United States with its diversity of religious denominations, a tendency developed to centralize the relief functions in specialized organizations. The Catholics and the Jews commonly maintained their own centralized welfare societies. The diverse Protestant bodies frequently established a general or nonsectarian society. Several fraternal organizations made provision for their own members and their dependents and developed national institutions for particular classes of needy. Philanthropists by gifts and devices gave often generously to these various charities.

Prior to 1929 in several of the large metropolitan areas of the Northeast, the public treasury carried only a small part of the relief load. Both public relief appropriations and public staffs for administration were comparatively small. Private philanthropy supplied a considerable part of the money for relief and social services designed to aid and rehabilitate individuals and families.

The system that had developed prior to 1929 proved to be entirely inadequate to meet the depression of the thirties. The major difficulties were:

1. Private philanthropy could not supply the volume of money required for relief.

2. Local governments were not prepared financially, and often not administratively, to take over the new and tremendously increased burden. The demands for local government services already had reached, if they had not already exceeded, the revenues which local governments could obtain through the use of taxes available to them. Their main reliance, the general property tax—primarily a tax on real

estate—was proving a poor producer in bad times. Defaults in tax payments became frequent. The credit of the local governments was in general not good. Many of them were already heavily in debt. Neither banks nor bond buyers were prepared to lend for the expenses of relief when they knew that local governments often did not have the tax resources to meet normal demands for services much less to pay interest on and ultimately to repay debts incurred for relief expenditures.

3. According to the American theories of federalism, the local governments should have turned to their respective States whose instrumentalities they were. In general, however, the States were entirely unprepared to meet the crisis. The more important reasons were:

a. Most of them had no substantial organization for handling a function of government which in the past had been left to local governments and had been of small moment.

b. Like local governments, many of them still placed main reliance upon the general property tax for revenues. Both in urban and rural communities defaults in tax payments were numerous.

c. The States, like the local governments, had to borrow from banks or issue bonds, and lenders were loathe to advance money to be used for a current expense when it was doubtful if the debt service charges could be met through future taxes. Some States had constitutional limitations on the amount of debt which could be incurred or the purposes for which it could be incurred. In most States constitutional amendment has intentionally been made a slow process.

Under the circumstances it was probably inevitable that the States and the local governments should turn to the National Government which had power to coin money and regulate the value thereof and to borrow money on the credit of the United States. The National Government was the only one which could practice deficit financing on a large scale and over a prolonged period. There was no constitutional limit on the amount of money the National Government could borrow and any statutory limit fixed by one Congress could be raised or repealed by any subsequent Congress.

For a period of about 5 years the Nation met the emergency by improvising. States which entered the period with no established administrative agency set up emergency relief administrations. Under the Reconstruction Finance Corporation Act approved January 22, 1932<sup>1</sup> the States could borrow money from that Corporation for relief purposes, but it was to be repaid later or else Federal grants to the States for highway purposes would be curtailed until the obligation was liquidated. This provision was short-lived and early in the Roose-

<sup>1</sup> 47 Stat. 5.



velt Administration the National Government established a Federal Emergency Relief Administration which made grants to the State emergency relief administration but in general not on the basis of any fixed formula. They were in the main discretionary.

During these 5 years a substantial part of the money given by the National Government went to persons willing and able to work and their dependents or to persons in rural communities whose difficulties arose from the distressed conditions of agriculture—low prices and in some sections droughts. The States in this period had a good deal of discretion as to whether the individual and his dependents in need through unemployment should be given relief without any work—a dole to use the popular term—or whether he should be given a job on a project undertaken for relief purposes and allowed to earn the amount of money he needed for relief purposes. Because of scarcity of funds, the usual practice on these work relief projects was to let the head of the family work only long enough to earn what he had to have or to regulate the rate of pay so that he would not earn more than this sum.

President Roosevelt in 1935<sup>2</sup> proposed to the Congress a radical change of policy.

The National Government was to assume responsibility for the unemployed employables who were to be given employment on public works and projects financed in the main by the National Government, although the sponsors, State or local governments or quasi-public nonprofit organizations were to make sponsors contributions. Persons employed on these projects were to be paid according to a governmentally determined wage scale that did not take into consideration the number of persons dependent on the worker. An initial experiment under a Civil Works Administration had demonstrated that providing such work for all who wanted to work was prohibitively costly and hence the new public works program was restricted in the main to heads of families who were employable and were certified by State agencies as in need. Necessary supervising employees and persons possessed of special skills within limits could be hired without respect to need.

The problem of relief for unemployables and those dependent on them was to be returned to the States. The States, relieved of the burden of caring for unemployed employables and their dependents, it was urged, should be able to care for those in need from causes other than unemployment. Although the present report is not immediately concerned with the Works Program which was abolished in 1942,<sup>3</sup> it should be said that the principles as enunciated were never carried into

<sup>2</sup> 49 Stat. 115.

<sup>3</sup> Letter of the President to the Federal Works Administrator, Dec. 4, 1942, authorized liquidation.

full effect. State and local governments had to continue to provide for unemployed employables if there were no projects operating in their localities to which they could be assigned. Sometimes this lack of projects resulted from lack of funds and sometimes from administrative difficulties or actions.

The depression brought to sharp focus the problem of the aged. Some who lost their jobs were of fairly advanced age and the opinion was widely held that industry would never again have need for their services. Many elderly persons were either partially or wholly dependent on their working children for support. When the supporting children lost their jobs entirely or had severe cuts in earnings, provision for wholly or partially dependent parents became a real difficulty. The idea that the Government should assume responsibility for the aged became widely accepted.

In a period of great depression such as the thirties when a substantial part of the factories, mines, transportation facilities, and other like productive plants are shut down or running at far less than capacity, it is easy for many persons to believe that the chief need of the economy is purchasing power in the hands of persons who will use it. It was not unusual in the thirties to hear people say that the United States had solved its problems of production but not its problems of distribution. Although careful studies showed that great increases in productive capacity would be required to permit of a material raising of the general level of living, many felt that redistribution of purchasing power was all that the situation required. At the time it appeared that demand was the sole factor and that supply could be taken for granted.

In this period Dr. Francis E. Townsend came forward with his appealing panacea, the Townsend Plan. A comprehensive tax on transactions would be levied and the proceeds would be distributed among the aged without any means test upon condition that they should almost immediately spend the money thus received for consumers goods. The resulting effective demand, it was argued, would immediately result in the reemployment of the unemployed. The economic system would again be functioning at top speed. What Dr. Townsend and his followers did not consider was that shortages would quickly develop in supplies and in manpower, particularly manpower possessed of special skills. The familiar upward spiral of wages and prices would be almost inevitable.

In the depths of the depression the plan had a wide popular appeal and effective steps were taken in organizing supporters. The movement was largely countered by the appointment by the President of his Committee on Economic Security and the introduction and passage of the Social Security Act. Title I of the act provided grants to the States for old-age assistance and title II set up the system for

Federal old-age benefits, subsequently amended to Federal old-age and survivors benefits.

Two other titles were included that related directly to public assistance: Title IV, Grants to the States for Aid to Dependent Children and Title X, Grants to the States for Aid to the Blind.

## **The Major Aspects of Federal Public Assistance Programs**

All three of the public-assistance programs were conditional grants-in-aid to the States. If the States would comply with the substantive and administrative requirements of the national act the National Government would share with the States in benefit payments on a per case basis up to specified maximum amounts per case.

Certain broad aspects of these provisions call for special note.

1. In most grant-in-aid laws the National Government has appropriated a specific sum and provided for its distribution among the States in accordance with a formula prescribed in the act. The public-assistance grants were entirely different. They left the amount to be contributed by the National Government open to be determined by the number of cases in each State to which benefits were granted in accordance with terms of the national act. In other words, the Federal contributions would turn on the number of cases and the amount of the assistance given in each case, provided the amount of assistance given did not exceed the maximum which the National Government would share. These grants are frequently termed "open-end grants" since the amount any State might draw from the Federal Government depended on its own action.

2. In all three categories the national law limited payment to the needy, which meant that a means test would have to be applied. The National Government, however, did not define need; it did not go into all the details with respect to permitted income and property ownership and the responsibility of relatives that are inherent in defining need. These issues were left to the individual States to determine for themselves subject to the limitation that their plans had to be approved by the national agency administering the system. The provisions of the several States differ fairly widely.

3. The National Government likewise established no standards for determining the amount of the benefit beyond the provision that it would not share in any payments that exceeded the maximum established in the act. To generalize without nice refinements, three different types of situations developed among the States:

- (a) Some made individual grants so small that it is questionable whether it could be said that anything approaching a rational standard was actually used.

(b) The prevailing system was to determine the budgetary requirements for an individual or for families of different compositions to give the standard of living prescribed by the legislature—frequently defined as a minimum health and decency standard. From this budgetary requirement available resources were subtracted to determine the amount of assistance to be given. Thus available resources plus the assistance was to yield the standard amount. In some instances State appropriations were inadequate to come up to the standard and as a result assistance might be cut or eligible people kept waiting until further appropriations were made by the State.

(c) The third system prevailed in what have sometimes been termed “the pension philosophy States.” In these States it is assumed that the standard is the maximum allowance in which the Federal Government will share. From this maximum available assets are deducted. This system results in higher rates of payment, particularly in cases of elderly couples. A pension philosophy is likely, moreover, to result in fairly liberal State appropriations which result, of course, in more cases and larger grants from the National Treasury.

Such a system results in wide variation among the States, particularly noticeable with respect to the percentage of population 65 years of age or over that is in receipt of benefits and the average benefits paid. Precise explanation of the variations is impossible. Philosophy or public attitudes, wealth or poverty of the State, cost of living, customary standards of living, the degree of urbanization and the nature of the economy—agricultural as opposed to manufacturing, commerce, and transportation—are all involved.

4. At the time of the passage of the Social Security Act the attention of the National Government was primarily focused on the aged and the unemployed employables and their dependents. Little attention was given to persons who were in need from other causes, particularly the temporarily or permanently disabled. The fact that provision for the needy blind was made constitutes an exception to that statement, but provisions for the blind were inserted by the Congress apparently without serious consideration of other important handicapped classes, notably the maimed, the paralyzed, and the sufferers from chronic disabling diseases. The medically indigent were also ignored: they are individuals or families who can under normal circumstances maintain themselves independently but cannot meet the costs of services or prolonged illness without assistance. These groups may be referred to as the omitted categories.

One feature of the provision for aid to dependent children needs to be considered in connection with omitted categories. Studies made by individuals and agencies concerned with child welfare have pretty well established the fact that a normal child is best provided for in the family of his parents or parent or other close relative. The Social

Security Act was designed greatly to encourage leaving dependent children with relatives. The definition of a dependent child eligible to assistance under the act provides it be one "who is living with his father, mother, grandfather, grandmother, brother, sister, stepfather, stepmother, stepbrother, stepsister, uncle, or aunt, in a place of residence maintained by one or more of such relatives as his or their own home."<sup>4</sup> If a child has no such relative willing to provide him with a home he is not eligible for Federal assistance. If State or local authorities decide that an eligible relative willing to care for the child is not a suitable guardian or custodian of the child and other provision should be made for him, the Federal Government does not contribute under aid to dependent children.

The term "general public assistance" is now commonly applied to public aid given to needy individuals who are not eligible under any of the three assistance programs of the Social Security Act, although frequently the care of dependent children in foster homes is treated as a distinct category.

5. Under existing law the policy to be pursued with respect to general public assistance is left to the individual States. Some States may in turn leave the matter entirely to local governments. Great diversity naturally exists. Some States have standards in financing and administering general public assistance that appear to be fairly comparable with those used with respect to the Federal-aid categories. On the other hand, there are States in which very little money goes into general public assistance and where it is alleged the available relief funds all tend to go to cases toward which the Federal Government will contribute.

6. As previously noted, the three public assistance titles of the Social Security Act leave to the States the definition of need, the establishment of criteria of eligibility, and the standards and devices to be used in determining the amount of grants to be made with respect to such matters. The States are to apply their own social and economic philosophies. In practice the State legislators lay down the guiding principles, the administrative agencies develop the detailed rules and prescribe the procedures, and the employees ascertain the facts and in the first instance apply the law and the rules. The nature of the work itself is such that great reliance has to be placed on the ability, integrity, and judgment of the investigators who determine the facts and apply the law.

The national social security agency has had a concern for the training and development of the State employees who are administering the State laws. Since January 1, 1940, under all three titles the plans of the several States must "provide such methods of administration

<sup>4</sup> 49 Stat. 629.

(including after January 1, 1940, methods relating to the establishment and maintenance of personnel standards on a merit basis, except that the Board shall exercise no authority with respect to the selection, tenure of office, and compensation of any individual employed in accordance with such methods) as are found by the Board to be necessary for the proper and efficient operation of the plan."<sup>5</sup> In furthering of this concern the bureau has published some pamphlets designed to give State employees and students preparing for such positions what is regarded to be the correct philosophy toward the applicants and the correct interpretation of the objectives and procedures of the law.<sup>6</sup>

Whatever the soundness of the social philosophy and the modern psychology embodied may be, it is highly probable that the principles laid down have not gained general acceptance among State legislators, many members of State and local welfare boards, and ordinary citizens. In many instances a conflict exists between these teachings and the State laws and regulations and the point of view of elected legislators and elected and appointed State and local officials. An essential element in American governmental theory is that broad policy is determined by the legislatures or with their approval and that administrative officers and employees who carry out a law are bound by its provisions and the regulations made in pursuance of it. They have no authority to substitute their own views or to make their own interpretation of the law and the intent of the legislators.

The following paragraph from a Report of the Inquiry into the Administration of Public Welfare in New York City, made by a special committee of the New York State Board of Social Welfare and published in March 1948, presents a matter of grave concern with respect to these three grant-in-aid programs.

The administration of the three programs of public assistance in which the Federal Government participates (old-age assistance, aid to dependent children and assistance to the blind) is materially influenced by the policies of the Federal Social Security Administration. These policies have been developed over the years with little or no participation in their formulation by State officials. Furthermore, the Federal Social Security Administration issues from time to time various documents which it circulates widely. Even though these documents may not be endorsed by a State, they bear the stamp of authenticity and cause confusion in the minds of employees in local agencies, especially when they are inconsistent with State policy. In order to eliminate any possible further misconception with respect to the State's responsibility for or endorsement of these documents, we have requested the State commissioner of social welfare to advise all public welfare commissioners within the State that neither the Board nor the State Department must be deemed to be responsible for, or to have endorsed, any of the contents of these documents except to the extent that the State Department may from time to time so indicate.<sup>7</sup>

This summary review of the essential elements of three public assistance categories of the Social Security Act does not warrant a conclusion

<sup>5</sup> 53 Stat. 1360.

<sup>6</sup> See particularly Common Human Needs, An Interpretation for Staff in Public Assistance Agencies, Public Assistance Report No. 8, Federal Security Agency, Social Security Board, Bureau of Public Assistance, 1945.

<sup>7</sup> P. 20.

that the arrangements adopted in the emergency of the thirties is satisfactory. Further evolutionary development or a basic reconsideration of fundamentals seems essential.

### **Alternatives With Respect to Broad Policy**

Evolutionary development would consist of adding new titles to the Social Security Act and modifying existing ones so that practically all categories of public assistance would come within the grant-in-aid system. Disability, permanent or temporary, medical care for the indigent and foster care for children who have no relatives willing, able, and fit to provide for them are the three that appear of major numerical consequence. Conceivably all could be provided for under the heading "General public assistance," but such a broad miscellaneous category might not work well under an open-end grant-in-aid system where Federal funds are distributed on what is in essence a per case basis. Variation among cases might prove to be so wide that maximum limitations on Federal contributions, as used in the three existing systems, would prove unsatisfactory. The Federal legislation might have to go much further in establishing eligibility standards and the amount of allowances than it has with respect to the three present categories. The fields of disability, medical care, and foster care of children are far more complex and varied than the provision for the needy aged and hence much wider variations might develop among the States in the extent to which they make drafts upon the Federal Treasury under an open-end system.

A basic reconsideration of fundamentals would necessarily go much further than relief and welfare per se, for it would involve many of the relationships between the National Government and the States. These relationships can be treated only very broadly in the present report with emphasis on the aspects which concern relief.

When the Social Security Act was passed, three conditions prevailed that no longer exist in anything like the same degree.

1. As relief had been primarily a function of local government, the States as such had developed little State administrative machinery for handling the problems. The States lacked personnel and experience. Appropriations for relief had not become a customary and usual major item in State financing and budgeting. Because of the compelling features of the three grant-in-aid titles of the Social Security Act, the changes in State governments in these respects have been revolutionary. The States now have highly developed State agencies at the top, generally with close working relationships with administrative units in appropriate local areas. Local offices may be branches



of the State offices, but the more common practice has been to have them integrated in some way with the general local governments.

2. When the Social Security Act was passed many States were financially in a bad way. As previously noted, they frequently relied on the general property tax which proved to be a poor producer in bad times and many of them were heavily indebted. Many of them have since overhauled their revenue systems and now have a battery of taxes that are more consistent revenue producers. It now seems reasonably certain that a division of sources of revenue between the National Government and the State Governments, possibly with an extension of Federal taxes which can be offset by comparable State taxes, would further develop the financial ability of the States. The cessation of many State activities during the war resulted, moreover, in material reduction of State debts. Thus the credit position of the States with more efficient tax systems and decreased debt obligations is generally improved.

3. The financial position of the National Government is not as good as it was. The depression of the thirties, followed by the war, greatly expanded the national debt. The Nation confronts heavy costs for veterans' benefits, national defense, and grants and loans to foreign countries to promote recovery. The financial burdens on the National Government are so great that careful consideration should be given to the possibility of shifting some of them back to the States.

It may be contended that shifting a burden from the National Government to the States would not have any real effect on the over-all costs of Government. Four points deserve consideration in this connection: (1) The greater the distance between the spending agencies of Government and the people who have power to control them, the less effective are the brakes; (2) an opinion has gained wide acceptance that the resources of the National Government are inexhaustible; many people see no relationship between heavy Government expenditures, high taxes, and high prices; (3) as compared with most State and local governments, but not all, the Federal Government has high salary scales, related to high costs of living in metropolitan centers and control from Washington involves much travel; and (4) detailed Federal supervision results in substantial overhead costs.

More important than any of these matters lies the issue of the future of the federal form of government in the United States. The issue appears to lie between (1) a highly centralized national government with the States as administrative appendices without any real and extensive legislative and policy-determining authority, and (2) what is now generally termed cooperative federalism in which the Federal Government and the State government work together as partners. Cooperative federalism assumes vigorous healthy State governments with a real measure of responsibility and authority, both in legisla-



tion and administration. In cooperative federalism the National Government through grants-in-aid, offset taxes, and perhaps other devices may promote, or even virtually force, the adoption of a policy or program by the several States and in so doing it may establish reasonable minimum standards but (1) it leaves administration in the hands of the State governments; (2) it leaves the States free to rise above minimum standards; (3) it permits the States to integrate their activities in accordance with their own needs; and (4) it withdraws its controls—and possibly its grants too—where the program which it originally promoted has become an established part of the accepted governmental pattern of the several States.

If preservation of cooperative federalism is a basic objective and a highly centralized National Government is feared lest it get beyond the control of the people, the Congress will give consideration in the field of public assistance to the abandonment of categories such as old-age assistance, aid to dependent children, and aid to the needy blind. It will first explore the possibilities of making more revenues available to the States by reserving for them certain sources of taxation and of furthering new programs deemed to be of national interest through the use of offset taxes. If national grants-in-aid for public assistance remain necessary—as they may for purposes of equalization or in other words for the relief of the poorest States—it will make block grants for public assistance, leaving the States a considerable measure of discretion as to the extent to which they will use categories. The Congress will also give consideration to the question of the wisdom of the open-end grant-in-aid which, within limitations, leaves the States free to define need, eligibility, and the amount of assistance to be given in the individual case and hence the amount of money to be drawn from the National Treasury. It will further explore the possibilities of an annual appropriation by the National Government to be distributed among the States in accordance with a formula. Such a formula in the field of public assistance would presumably be designed to give consideration to the extent of need in the several States and the capacity of the individual States to meet that need and at the same time to maintain the essential services of government in accordance with reasonable minimum standards.

If a major objective is to preserve and foster the health and power of the State governments, any grants-in-aid for public assistance and any minimum standards in connection therewith will be based on a conservative appraisal of the requirements of the poorest States. It is true, of course, that such standards would be too low for the wealthier States, and the individual allowance used in figuring the national grant, too low to meet the requirements of persons living in high-cost communities. They might likewise be low for average States. But the wealthier and the average States would have the correctives in their

own hands. They could go as much above the minimum standard as their respective legislatures see fit; reduction of Federal demands on their tax resources would leave them with more revenues to use free from Federal restrictions.

Such minimum standards, it should be frankly recognized, are not ideal standards. They are devices for cooperatives federalism where the objective is to leave the States with a large measure of freedom to adapt their governmental services and activities to their own needs as expressed through their own elected legislatures. Insofar as possible it should permit them to determine the relative importance of different activities and the priorities to be afforded them. National determination of national ideal standards and efforts to have them uniformly applied throughout the country leads to centralization of power in the National Government.

Under broad grants for public assistance some States will make what highly trained professionals in the field will regard as mistakes. Administration in some States may lack the degree of perfection that the supervising Federal bureau officials would like to impose. Authority to impose the decisions of a central Federal agency on some States means, however, power to impose it on all States. Such laws place a high degree of responsibility on the Federal agency. Responsibility in Government works toward centralization of administration at the top because the top will be held responsible for any mistakes which result from a real delegation of responsibility or authority.

### **Administrative Aspects of Block Grants**

A block grant for public assistance of a specific amount determined through the application of an established formula would presumably profoundly affect the auditing of State expenditures under the grant. A comprehensive audit of an open-end grant, the amount of which depends on the number of cases ruled eligible and the amount of assistance given in each case, is necessarily detailed and expensive. It is, however, an obviously necessary device in a system under which the amount drawn from the National Treasury rests on the number of cases and the amount of assistance given in each case. Under a block-grant auditing would be much more general and presumably much less expensive.

The Federal control of a block grant of a fixed sum would presumably consist of (1) an advance review of the allotment of the grant to specific purposes as proposed by the State for the ensuing fiscal year, (2) if necessary, getting the State to make such changes in proposed allotments as may be necessary to obtain compliance with the requirements of the national law, (3) approving the proposed

allotments, (4) similarly reviewing, perhaps modifying and finally approving, changes in the initial allotments that the State may desire to make during the course of the fiscal year, (5) post-auditing the accounts at the end of the year, and (6) presumably deducting from the Federal grant for the ensuing year of any expenditures of Federal money that were contrary to Federal law.

The adoption of a block-grant plan would presumably materially affect the activities of the Federal agencies now involved in the administration of the three assistance categories: The Bureau of Public Assistance, the Social Security Administration, and the Federal Security Agency. As the legislative and policy-determining functions of the individual States are broadened, the authority of the Federal administrative agencies is narrowed. As previously noted, review and approval of plans and auditing become more generalized. The work places less emphasis on professional education and experience in the theory and practice of relief giving and concentrates more on the broader aspects of maintaining proper relationships between the National Government and the States. The leadership which comes from the combination of administrative power with professional qualifications would tend to pass to the executive officers of the State department of public welfare.

Revision of the public welfare programs and their administration should be considered in connection with the revision of the Old-Age and Survivors System. If the basic concepts of the present "insurance" system, notably those of insured status, benefits related to earnings and pay-roll taxes on employees are retained, public assistance will continue to play an important role in providing for those who for one reason or another cannot qualify for benefits under the "insurance" system, even if that system calls for heavy contributions from general revenues.

If, on the other hand, a universal "insurance" system should be financed through a universal personal income tax, with or without contributions from general revenues, it is practical largely to consolidate the "insurance" and the public assistance programs. As has been pointed out consolidation is possible in either of two ways:

1. By having the insurance system pay uniform per capita benefits to workers retired for the causes specified in the law and uniform per capita benefits to each dependent in a class made eligible under the law.
2. By using a modern objection means test and providing for all in need to the extent of their need.

The first of these alternatives, payment of uniform benefits immediately to all eligibles, would result in an immediate increase in present aggregate benefits and would necessitate right away higher

social-security taxes than are now being levied. It would mean that present taxpayers would be meeting the cost of benefits for all made eligible under the system. Society through government would at once extend no means test benefits to all categories and pay for immediate provisions to eliminate the possibility of want. Under such a system the burden would not be passed to succeeding generations. The present system is at the moment operated at its apparent low cost because payments are deferred on faith in the future. If revision of the systems is considered the government and the people might well examine the possibilities of having all persons in eligible categories given immediate protection and paying for that protection currently.



**Part Six**

**RECREATIONAL ACTIVITIES OF THE  
FEDERAL GOVERNMENT**



## RECREATIONAL ACTIVITIES OF THE FEDERAL GOVERNMENT

Characteristically the contribution of the Federal Government to the Nation's recreational resources and activities has been made as an incident to other functions. The establishment of public parks, national forests, and conservation areas has increased recreational facilities while serving major objectives of conserving and increasing forest, water, and land resources.

The Federal Office of Education has recognized since its inception that education includes recreation, and has given considerable impetus toward the movement within education for recognizing the contribution of leisure-time activities to educational objectives, yet the Federal program in education has itself been facilitative and supplementary and has involved no major programs directly serving the general public.

The main programs of conservation of human resources during depression, utilization of manpower during war and rehabilitating them afterwards have given rise to the largest recreational programs, still as byproducts of other main functions.

These facts are the main reasons why the Federal Government has never had a unit larger than a division in any agency, responsible mainly for recreational functions; it has scattered recreational responsibilities among many of its constituent units. At the moment, 9 major Federal agencies, working through 14 subagencies, carry on work with notable recreational significance. Their work (except that of the Veterans' Administration) is coordinated by an Inter-Agency Committee on Recreation.

Partly due to the wartime stimulus, there has been considerable growth in Government or Government-sponsored recreational activities at State and local levels. There are 26 permanent State recreation committees or legally established recreation agencies (either State departments, or units in other departments). Recreation areas and facilities are being included in housing projects. There are some 250-300 permanent town and city recreation programs which spend many millions of dollars for recreational facilities or leaders.

Recreation programs of major departments or agencies of the Federal Government are set forth below.



## Agencies Engaged Primarily in Education and Welfare <sup>1</sup>

### FEDERAL SECURITY AGENCY

#### *Office of Education*

The first biennial report of the Office of Education in 1868 called attention to the relationship between recreation and education. The Commissioner reminded educators "that the science of education includes the science of recreation and that elaborate arrangements for the education of a community must be regarded not only as incomplete but as radically unsound in which suitable provisions for physical training and recreation are not included."

From time to time throughout the years since that beginning, studies and publications of the United States Office of Education have included recreation in school programs.

In 1918 a report on a Commission for the Reorganization of Secondary Education listed "preparation for the worthy use of leisure" as one of the seven objectives of education.

The general acceptance of this "cardinal principle—preparation for the worthy use of leisure" by the educational world was instrumental in bringing about fundamental changes in curriculum content and method, including the introduction of music, art, and drama, and other leisure-time arts and crafts. As barriers between classroom and extra-classroom activities break down, the educational value of leisure-time activities and interests is more generally recognized and the way cleared for their entrance into the regular curriculum. Increasingly, complete programs of education contribute to social, health, physical fitness, and leisure-time objectives, and supervised recreation becomes an integral part of educational programs for youth development.

In recent years more school buildings and grounds have been planned to include facilities not only for daytime-school recreational activities, but also community recreation and adult-education programs that are recreation activities for the out-of-school group. Many local boards of education also provide teachers and recreational leaders for after-hour recreational programs on community playgrounds and in camp facilities.

#### *Children's Bureau*

*Legal authorization.*—The act which created the Children's Bureau in 1912 directed it to "investigate and report upon all matters per-

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<sup>1</sup> Basic material on functions and programs of each agency supplied by that agency.

taining to the welfare of children and child life among all classes of our people." The Bureau was therefore inevitably drawn into a consideration of the recreational needs and problems of children and youth.

*Historical development leading to present activities.*—Beginning in 1912, the Children's Bureau suggested steps which communities might take to provide services which would strengthen families in their jobs to help children grow up wisely and well. Recommendations came from various meetings and the 1919, 1930, and 1940 White House Conferences regarding the place of play in the life of a child.

*Current program for the identification of recreational needs of children and youth.*—The extension of recreation is especially needed in small towns, in neglected neighborhoods of cities, and in children's institutions. Emphasis should include the needs of migrant families, of minority groups, and of children with mental, physical, and emotional handicaps. Expansion of recreation facilities should be planned for older adolescents who are not now as well-served as younger children.

*Methods employed.*—Because many communities had only limited recreational opportunities, the Children's Bureau sought to point out methods of securing recreational opportunities for children and youth and families wherever they lived—in congested city areas or in sparse rural counties. Such recommendations were based on surveys and studies of particular communities—their facilities, leadership and structure for a recreational program.

Knowing that adolescents in many communities depended heavily on commercially operated facilities, the Children's Bureau in 1918 made a study of practices in dance halls, bowling alleys, and pool rooms. This study proposed standards which would provide protection for young people frequenting such places rather than creating juvenile and adult delinquency.

Between 1925 and 1935, a time when leadership training was not generally available, the Children's Bureau provided staff to assist States in the training of persons for direct responsibility for group leadership.

Through such channels as the several White House Conferences, the National Commission on Children and Youth, and the Advisory Committee on Leisure Time Services, recommendations were made to States and communities regarding further developments in recreation. Attention was given to State recreation; teen-age recreation; recreation; recreation for children and youth living in institutions; and planning for recreational programs.

## DEPARTMENT OF AGRICULTURE

### *Extension Service—Current Status*

*Legal authorization.*—Cooperative extension work between the land-grant agricultural colleges of the several States (receiving benefits of an act of Congress, July 2, 1862, and supplementary acts) and the United States Department of Agriculture was established by Congress May 8, 1914, with enactment of the Smith-Lever Act of 1914.<sup>2</sup>

Each of these acts refers specifically to the Smith-Lever Act of 1914 for general purpose and definition of cooperative extension work, except that the Bankhead-Jones Act of 1945 further adds:

... particularly for the further development of county extension work . . . in agriculture and home economics, including technical and educational assistance to farm people in improving their standards of living . . . work with rural youth in 4-H Clubs and older out-of-school youth . . .<sup>3</sup>

Although the legal authorizations for cooperative extension work do not specifically mention recreation, the educational work and assistance in the recreational field to rural families can be properly assumed to be intended by Congress in its above authorizations, particularly the Bankhead-Jones Act of 1945.

*Nature of present activities.*—The role of the Extension Service in recreation is mainly in the fields of organization and leadership training. According to the most recent annual report of Cooperative Extension Work, about 450,000 families were assisted in improving home recreation during 1946; 25,000 communities were assisted in improving community recreational facilities; 45,000 local groups were assisted with organization problems, programs, and recreational activities; recreation centers or club houses were established in 900 communities, with the help of extension leadership; and nearly 2,000 training institutes were held at 850 places located in all 48 States.

Recreation is an especially important part of the 4-H Club extension work with boys and girls in almost every State. About 138,000 4-H Club members received definite training in recreational leadership projects in 1946, 30,000 in wildlife and nature study projects, 13,000 in forestry projects, and 140,000 were enrolled in music appreciation projects. County, district, and State camps which offer recreation experience and leadership training are held throughout the country during the summertime. Group recreation is an especially important part of cooperative extension work with older youth and young farmers' clubs at their request and with their assistance. About

<sup>2</sup> Federal legislation, regulation and rulings affecting cooperative extension work in agriculture and home economics. See section on Health, Department of Agriculture, Extension Service.

<sup>3</sup> 59 Stat. 232.

1,200 such groups with nearly 50,000 members were active throughout the United States in 1946.

Extension workers in recreation cooperate with schools, farm organizations, and other agencies in conducting local, county, or state recreational programs or events, and at the request of farm people, promote and assist recreation programs for adults and youth at every appropriate time and place.

#### VETERANS' ADMINISTRATION <sup>4</sup>

*Special Services.*—The mission of Special Services to care for patient morale and welfare is carried forward through its four major services: Chaplaincy, canteen, recreation, and library. Through these services, the counterpart of which is recognized as essential in every community, every effort is made to surround the hospitalized veteran with the sense of normality he would have in his own community. The *recreation* service is designed to reach all patients through a varied and well-balanced plan operating under trained leadership and emphasizing active and passive participation. Under a director for this service about 2,000 trained recreation leaders are assigned to the various veterans' hospitals. The program, which is carried forward with the approval of and in careful coordination with the medical authorities, is adapted to the interests and abilities of the patients. Participation in the activities of this service are either by permission or on prescription by the medical staff. They comprise entertainment programs which include safe entertainment programs; a music program, including patient participation in musical activities such as bands, glee clubs, etc.; motion-picture program; and a sports program. The sport activities are chosen, adapted in form, duration, and intensity, and conducted from the point of view of the needs, interests, and abilities of the individual patient. This program is directed by trained recreational leaders with a staff of 2,000 in veterans' hospitals.

#### Agencies Engaged Primarily in Conservation <sup>5</sup>

##### DEPARTMENT OF AGRICULTURE

##### *Forest Service*

The national forests are managed by the United States Forest Service so as to conserve and utilize the resources of the lands for the public welfare. All resources are made available insofar as is consistent

<sup>4</sup> From 1947 Annual Report, Veterans' Administration.

<sup>5</sup> Basic material on functions and programs of each agency supplied by that agency.

with the protection of the areas, the over-all public needs, and public health and safety.

Areas of national forests are developed for recreation or are reserved for future development. They include camp and picnic areas, winter sports areas, organization camps, resort and public-service areas. Also there are wilderness areas, roadside zones and buffer zones which are not developed but are kept to preserve the forest environment for the enjoyment of the public.

All of these recreation areas amount to only 8 percent of national forest area. All the rest of the national forests is considered primarily valuable for other purposes, such as watersheds, timber production, range utilization or wildlife. However, recreation is encouraged in these areas for types of recreation which are appropriate to the forest environment for hiking, riding, hunting, fishing, camping, skiing, etc.

Recreation resources are available to the public to the maximum extent consistent with good administration of these public properties. There is no charge for entrance to the national forests or to national forest recreation areas, and restrictions on users are kept to a minimum.

Public areas such as campgrounds, picnic areas, winter sports areas, organization camps, and hiking and riding trails have first priority; semipublic areas such as organization camps operated by municipalities, churches, and character-building organizations rank second; public-service facilities, such as moderate-priced resorts, restaurants, cabin camps, and boat docks are next; private uses such as summer homes and club sites are permitted on lands not needed for higher priority public uses. Special facilities for public use are constructed and operated by private capital under permits which protect the public interest.

### *Soil Conservation*

Seven land areas which are set aside exclusively for recreation are under its authority. Two additional areas, one undeveloped and one developed, have been leased to local communities. Nine recreation areas are set aside in its larger land projects, usually around lakes created by the construction of dams. The recreational use of these areas somewhat resembles the use of national forest areas, including swimming, fishing, and boating. All the recreation facilities and services provided in soil-conservation areas are provided through leases to concessionaires.

## DEPARTMENT OF INTERIOR

### *The Fish and Wildlife Service*

The Fish and Wildlife Service, under authority of the various acts of Congress,<sup>6</sup> in addition to its research responsibilities, is charged with carrying out the provisions of laws designed to increase and protect the fish and wildlife resources, disseminate knowledge and extend the use of these resources, and the enforcement of Federal game laws. Incident to these responsibilities the Service has recognized the necessity and desirability of providing, when not inconsistent with these primary objectives, the optimum of its facilities and services for recreational uses.

The Fish and Wildlife Service administers 291 national wildlife refuges in the continental United States, Hawaii, Puerto Rico, and Alaska. In the broadest sense these refuges make their greatest contribution to the Nation's recreation in the production and protection of wildlife, particularly migratory waterfowl, thus assuring the millions of hunters the perpetuation of the sport of hunting. These refuges have facilities available for fishing, camping, boating, picnicking, nature study, and related activities.

Recreational facilities have been established, developed, and maintained on numerous refuge areas. The facilities are either provided by the Service, or are developed and operated in cooperation with local governmental or civic groups or by commercial concessioners.

The Fish and Wildlife Service also enters the field of recreation in the service sense under its fish propagation. This includes the operation of some 101 game fish hatcheries throughout the country at which millions of fingerlings are annually distributed directly and through State cooperation to stock and restock fishing waters.

Under the Federal-aid program the Service, by authority of the Pittman-Robertson Act, finances up to 75 percent of the total cost of State wildlife projects and programs, all of which are designed to improve wildlife populations and enhance hunting and fishing opportunities.

### *The National Park Service*

Under authority of the act of August 25, 1916 (39 Stat. 535), as amended, the National Park Service administers 170 national parks, monuments, historic sites, and other areas of the National Park system, totaling about 20,750,000 acres in Federal ownership. These areas are administered in accordance with law "... to conserve the scenery and the natural and historic objects and the wildlife therein, and to provide for the enjoyment of the same in such manner

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<sup>6</sup> See Health Section, Department of Interior, for congressional acts.

and by such means as will leave them unimpaired for the enjoyment of future generations." They may be considered as great outdoor museums. Only such developments are permitted as are necessary for the protection and administration of the areas or are required for the comfort and convenience of those who visit them for the inspiration and recreation they offer. Research and interpretation of the natural phenomena and the historic and prehistoric features are important phases of the Service's program. Facilities and activities are provided either by the Service or through concessionaires. Lands are not available for private recreational use, such as for summer homesites, nor for the provision of recreation by other governmental or nonprofit public-service agencies. Nearly 21,000,000 visitors made use of these areas during the travel year ending September 30, 1947.

The one other unit included in the National Park system is the National Capital Parks system of Washington, D. C., and vicinity, which contains 753 parks, monuments, memorials, historic sites, playgrounds, etc. Attendance exceeded 3,250,000 during the last travel year.

The Service also manages four reservoir recreational areas of national significance, such as Lake Mead recreational area in Arizona-Nevada, and Lake Texoma recreational area in Texas-Oklahoma, under cooperative agreements with other Federal agencies that hold basic jurisdiction. These areas have proven extremely popular as evidenced by annual visitation of more than 2,500,000. All types of recreational activities are encouraged that are suitable to the area and are required to meet demonstrated recreational needs.

The act of June 23, 1936 (49 Stat. 1894), authorizes the Service to make a comprehensive study of the public park, parkway, and recreational-area programs in the United States to provide data that would be helpful in developing a plan for coordinated and adequate public park, parkway, and recreational-area facilities for the people of the United States. Prior to the war the Service cooperated with 46 of the States and the Territory of Hawaii in developing State-wide recreational plans.

Under the emergency programs of the last decade the Service assisted the States and their political subdivisions by the acquisition of recreational lands and the development of recreational facilities, which were undertaken through the CCC program. The Service also acquired and developed 46 recreational demonstration areas in 24 States, most of which have now been turned over to the States for permanent administration as units of their State park systems, under authority of the so-called RDA disposal act of June 6, 1942 (56 Stat. 326).



## *Bureau of Indian Affairs*

The Bureau of Indian Affairs protects the interests and promotes the welfare of more than 417,000 Indians, which includes 30,000 natives (Indians, Eskimos, and Aleuts) of Alaska.

The main contribution which is made to recreation for the general public on Indian reservations is in hunting and fishing and in tourist visits by special permission of the Indian tribes. Camp grounds are available, but in general, fishermen and hunters must bring their own camping equipment. A law passed in the early 1800's provided that full control of all hunting and fishing on Indian-treaty reservations shall be with the Indians. The Hopi Reservation in Arizona is a favorite of tourists, particularly at the time of the famous Hopi Snake Dance, as is also Palm Canyon near Palm Springs, Calif., one of the few, if not only, stand of native palms.

The Division of Education provides the usual opportunities for recreation, sports, and athletics at the boarding schools operated by the Indian Service, which are also used to some extent by adult Indians. This division also maintains three museums, one at Browning, Mont., one at Rapid City, S. Dak., and another at Fort Apache, Ariz., which display the artifacts and modern Indian arts and crafts. The recreation services to Indian youth and adults through the educational program could be profitably expanded if more funds were available. For example, funds for motion-picture projectors would make possible a needed development of the visual education program and the recreation services to the Indian communities.

## DEPARTMENT OF THE ARMY

### *Corps of Engineers*

The Corps of Engineers prosecutes, under the direction of the Secretary of the Army, in accordance with specific authority of Congress, the Federal program for the improvement and maintenance of rivers and other waterways in the interests of navigation and flood control. In addition to the primary benefits, the construction of reservoirs may establish recreational resources from which additional public benefits may be obtained, such as swimming, boating, fishing, hunting, camping, and picnicking. Section 4 of the Flood Control Act approved December 22, 1944 (58 Stat. 887), as amended by the Flood Control Act of 1946 (60 Stat. 641), provides for the utilization and development of the recreational resources of reservoir areas under the control of the Department of the Army.

In addition to reservoir areas, other activities of the Corps of Engineers have recreational aspects. These include (1) cooperative studies of beach erosion and Federal participation in construction of protective works for the purpose of preventing damage to public property



and promoting and encouraging the healthful recreation of the people and (2) improving and maintaining harbors and waterways for light-draft navigation. These are used by large numbers of recreational craft as well as by commercial small-boat navigation.

## HOUSING AND HOME FINANCE AGENCY

### *Public Housing Administration*

At present the Public Housing Administration, a constituent unit of the Housing and Home Finance Agency, is responsible for advisory services in recreation in four of the six public housing programs which it administers, as follows: The Public War Housing, Veterans Re-use Housing, United States Housing Act, and Subsistence Homestead and Greenbelt Towns programs. However, all of the above-mentioned except the United States Housing Act program are in various stages of disposition.

The statement of policy for the United States Housing Act program with respect to the various community services reads as follows:

**Relationship with Community Services.** Local management shall be responsible for planning and for developing and maintaining working relationships and agreements with local community service agencies for the provision of education, recreation, health and welfare facilities and services to meet the needs of the residents of the development. Where necessary facilities cannot be provided by local community service agencies, the local authority shall provide such facilities as a part of the development in accordance with Public Housing Administration minimum standards.

In conclusion, the philosophy of the PHA with respect to recreation as well as all other community services is that every effort must be made to obtain for tenants of public housing the community facilities and services commensurate with the needs and essential to the true integration of project and community.

## FEDERAL WORKS AGENCY

### *Community Facilities Division*

The Federal Works Agency was given responsibility for the administration of the community facilities and services of the Lanham Act which provided, among other things, Federal grants and aids for recreational facilities and services to local communities affected by the impact of the defense and war program.

The Recreation Division of the Federal Security Agency cooperated with the Federal Works Agency in studying local needs and recommending recreation projects. Under the provisions of this act the Federal Works Agency approved applications for 726 recreation buildings constructed at a total cost of \$31,847,480, of which the Federal Government paid \$30,819,742. It also approved 273 local appli-

cations for funds for operation and maintenance of local war recreation programs. The total cost of these programs was \$12,788,425, of which the Federal Government's share was \$7,387,968.

The Federal Works Agency was given the authority to dispose of these recreation facilities. As of March 31, 1948, it had disposed of 243 recreational properties with others reserved for the use of other Federal agencies and still others yet to be disposed of. The rate of recovery of cost for recreation property disposed of by the agency was about 24.5 of the value of these properties. This is the lowest recovery rate of any type of war facilities except educational buildings.

The Federal Works Agency is also the Government agency for the administration of loans to State and local governments toward the cost of drawing plans for local public works projects. As of March 31, 1948, it had approved 240 applications for park and recreation projects at a cost of \$1,755,338. The over-all cost for these projects including construction costs is \$68,583,022.

### *Public Roads Administration*

Studies made by the Public Roads Administration show that from 25 to 50 percent of all trips made on public highways are for social and recreational purposes, and that short trips are in the majority.

The appropriation for highways and roads in national park areas and for access roads is made to the Interior Department. The Public Roads Administration acts as consultant on planning, does the actual construction work, and assists the National Park Service with technical operation and maintenance problems.

In the West, forest highways are handled in the same way as those of the Park Service. In the East, the Public Roads Administration works with the States on the same basis in which they work with the States on regular Federal aid State projects.

The Public Roads Administration is also responsible for the parkways program for which \$10,000,000 was appropriated. These parkways link various scenic areas such as the Smoky Mountain Parkway. The official description of these parkways is "to give access to and connection between national parks, forests, and scenic areas." It emphasizes roadside development and beautification. Public Roads Administration supervises highway construction on Indian lands for which highway funds are appropriated to the Indian Service.

### **TENNESSEE VALLEY AUTHORITY**

*Recreation Branch.*—The Recreation branch initiates and recommends policies regarding the allocation and use of TVA lands suited for recreational purposes, develops policies and establishes standards in site planning and in landscape maintenance for recreational areas on TVA reservoir lands. It coordinates this work with other TVA

programs and with those of State and local agencies, and it develops and maintains cooperative relationships with State conservation departments in order to integrate TVA recreational resources into State-wide recreation development programs and to encourage interstate cooperation in the use of the regional recreational resources in the TVA reservoirs on the Tennessee River and its tributaries.

### Interagency Committee on Recreation <sup>7</sup>

To make effective as possible the normal peacetime recreation services of the Federal Government through self-coordination and joint planning, a number of Federal agencies, conducting the major services offered the general public, organized in the fall of 1946, under the sponsorship of J. A. Krug, Secretary of the Interior, the Federal Interagency Committee on Recreation which consists of the following member agencies:

Corps of Engineers, Department of the Army.  
National Park Service, Department of the Interior.  
Fish and Wildlife Service, Department of the Interior.  
Extension Service, Department of Agriculture.  
Forest Service, Department of Agriculture.  
Office of Education, Federal Security Agency.  
Children's Bureau, Federal Security Agency.  
Public Housing Administration, Housing and Home Finance Agency.

The committee serves as a clearinghouse for the exchange of information on policies, plans, methods, experience and procedures among the agencies; considers all current agency problems and projects presented to it and recommends basic principles which might well be followed in these and similar projects and problems; and endeavors to facilitate the provision of information about the recreation activities of Federal agencies.

The committee seeks to clarify the proper responsibilities of the Federal Government in the recreation field, and to discover and face existing gaps in meeting these responsibilities, with special consideration of the needs of small communities, rural areas, minority groups, young people, and older adults.

The member agencies of the committee cooperate in stimulating and assisting State agencies in the development of needed recreation facilities and services, in accordance with cooperative plans developed by the committee, so far as resources make this possible.

The committee meets monthly and subcommittees have been set up to work on special projects. Since its inception, the committee has had the services of an executive secretary and office assistance.

At the request of the committee, the services of the executive secretary are loaned to the committee by the National Recreational Asso-

<sup>7</sup> Basic material on functions and programs of each agency supplied by that agency.

ciation. In order to meet other committee expenses, six of the member agencies are contributing to these expenses.

Two project studies are being undertaken by the committee: (1) Historical Summary of Major Recreation Services and Facilities in the Federal Government, and (2) Current Status of Federal Governmental Responsibilities in Recreation for each agency—(a) legal authorization, (b) nature of present activities, and (c) methods employed.

## **Private Organizations and Agencies in the Recreation Field**

Many private organizations which serve human welfare include recreation in their over-all programs. Among these, some of the best known are:

The Boy Scouts of America.

The Girl Scouts.

National Board of the Young Women's Christian Association.

International Young Men's Christian Association.

Young Men's Hebrew Association.

American Red Cross (quasi-governmental).

Other associations serve recreation directly, either from the standpoint of recreation, as a leisure-time activity for the people or through their special interest in the conservation of natural resources in the public domain. One of the oldest and best known is the National Recreation Association, which was organized 40 years ago, and which makes studies of recreational needs of local communities, and assists these communities to meet these needs. Other organizations which serve in various capacities are:

American Institute of Park Executives.

American Recreation Society.

Industrial Recreation Association.

National Conference on State Parks.

National Parks Association.

Society of American Foresters.

The American Forestry Association.

## **Recommendations**

1. The Federal Inter-Agency Committee on Recreation should be continued. It might well be located in the Bureau of the Budget in the interest of maximum objectivity and effectiveness in planning. If a new over-all agency under the President is created better to serve as a means of over-all coordination of executive agencies, this Inter-Agency Committee within it should be included under that agency.

2. The present membership of the Inter-Agency Committee should be expanded to include the Veterans Administration.

### CHART VIII—Federal Agencies Which Participate in Some Phase of Recreation

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graph TD
    subgraph "CONSERVATION OF HUMAN RESOURCES THROUGH RECREATION"
        V[DEPARTMENT OF VETERANS' ADMINISTRATION] --> D[DIVISION OF SPECIAL SERVICES]
        D --> R[RECREATION SERVICE  
Trained director  
2000 trained personnel]
        F[DEPARTMENT OF AGRICULTURE] --> E[EXTENSION SERVICE  
No budgeted position for recreation  
County demonstration and farm agents help with any recreation programs]
        S[DEPARTMENT OF THE ARMY] --> N[OFFICE OF EDUCATION]
        N --> C[CHILDREN'S BUREAU]
        N --> H[HEALTH SERVICES  
No budgeted position for recreation  
1 health educator and physical educator foster recreation in addition to regular services]
        W[DEPARTMENT OF THE INTERIOR] --> I[INTER-AGENCY COMMITTEE ON RECREATION]
        I --> FISH[FISH AND WILDLIFE SERVICE]
        I --> B[DEPARTMENT OF AGRICULTURE]
        I --> N
        I --> H
        I --> C
        I --> W
    end

    subgraph "CONSERVATION OF NATURAL RESOURCES IN THE PUBLIC DOMAIN"
        A[DEPARTMENT OF THE ARMY] --> NPS[NATIONAL PARK SERVICE]
        A --> BIA[BUREAU OF INDIAN AFFAIRS]
        A --> CE[CORPS OF ARMY ENGINEERS]
        DA[DEPARTMENT OF AGRICULTURE] --> FS[FOREST SERVICE]
        DA --> CS[SOIL CONSERVATION SERVICE]
        DA --> PHA[PUBLIC HOUSING ADMINISTRATION]
        DA --> CHA[COMMUNITY FACILITIES DIVISION]
        DA --> PRA[PUBLIC ROADS ADMINISTRATION]
    end

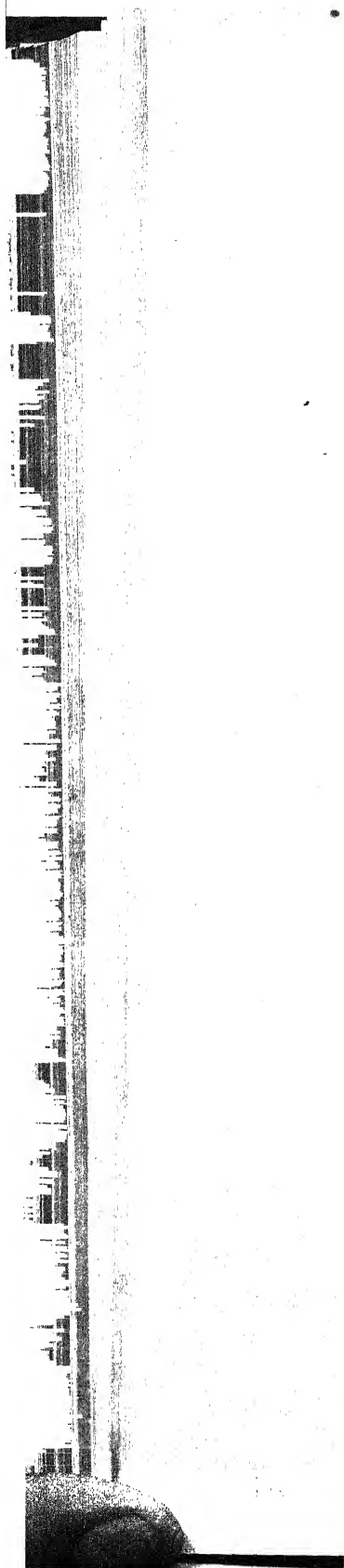
    subgraph "RECREATION"
        TA[TENNESSEE VALLEY AUTHORITY]
        FA[FEDERAL AGENCIES]
    end
    TA --> R
    FA --> R
  
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The chart is organized into three main categories, each represented by a large box on the left side of the diagram:

- CONSERVATION OF HUMAN RESOURCES THROUGH RECREATION**
  - DEPARTMENT OF VETERANS' ADMINISTRATION
    - DIVISION OF SPECIAL SERVICES
      - RECREATION SERVICE
        - Trained director
        - 2000 trained personnel
  - DEPARTMENT OF AGRICULTURE
    - EXTENSION SERVICE
      - No budgeted position for recreation
      - County demonstration and farm agents help with any recreation programs
  - DEPARTMENT OF THE ARMY
    - OFFICE OF EDUCATION
      - CHILDREN'S BUREAU
      - HEALTH SERVICES
        - No budgeted position for recreation
        - 1 health educator and physical educator foster recreation in addition to regular services
  - DEPARTMENT OF THE INTERIOR
    - INTER-AGENCY COMMITTEE ON RECREATION
      - FISH AND WILDLIFE SERVICE
- CONSERVATION OF NATURAL RESOURCES IN THE PUBLIC DOMAIN**
  - DEPARTMENT OF THE ARMY
    - NATIONAL PARK SERVICE
    - BUREAU OF INDIAN AFFAIRS
    - CORPS OF ARMY ENGINEERS
  - DEPARTMENT OF AGRICULTURE
    - FOREST SERVICE
    - SOIL CONSERVATION SERVICE
    - PUBLIC HOUSING ADMINISTRATION
    - COMMUNITY FACILITIES DIVISION
    - PUBLIC ROADS ADMINISTRATION
- RECREATION**
  - TENNESSEE VALLEY AUTHORITY
  - FEDERAL AGENCIES

**Appendix**

**AN INVENTORY OF THE EDUCATIONAL  
ACTIVITIES OF THE FEDERAL GOVERNMENT**



## AN INVENTORY OF THE EDUCATIONAL ACTIVITIES OF THE FEDERAL GOVERNMENT

In the inventory of educational activities of the Federal Government which follows, for purposes of identification programs are indicated as in category A or category B. Some few programs are listed under both categories, as specific identification has been impossible or a single program includes activities in both categories. In order to define these categories, the following is quoted from a bulletin used by the Bureau of the Budget (April 1948) in searching for Federal educational activities in cooperation with the departments and independent agencies of the executive branch of the Government:

### CATEGORY A

The report of the Commission will place greatest emphasis on activities of this category. In category A are activities of the Federal Government which (1) directly affect or (2) operate through; or (3) provide education similar to that offered by the regular public or private elementary and secondary schools, colleges, and universities engaged in the general and specialized academic, professional, and vocational education of youth and adults of the United States, its Territories, and possessions. This category includes, but is not restricted to:

1. Activities having to do with instruction, training, research (including contract research), guidance, scholarships (tuition, travel, and subsistence), libraries, buildings, equipment, and so forth, as they pertain to the institutions described in the above paragraph.

2. Federal facilities or arrangements for education of children and youth in special Federal jurisdictions, reservations, federally owned properties, or of children of federally employed personnel in foreign countries or occupied areas.

3. Federally owned or supported (either wholly or largely) educational institutions giving substantial curricular offerings similar to the regular educational institutions of the country, such as the United States Military Academy and Howard University. Conversely, the National War College and the Command and General Staff School fall in category B below, as they are very different, both in purpose or offering, from the regular educational institutions of the country.

Other illustrations of activities falling in category A are fiscal aid to land-grant colleges, the agricultural experiment and extension programs, veterans' education, the apprentice-training program, undergraduate and graduate training of military officers in universities and colleges, the United States Armed Forces Institute program of the military forces, the CAA program of aviation education, international exchange of students and professors (exclusive of governmental in-service training), and the Treasury Department school savings program.

### CATEGORY B

Activities of lesser importance in the Commission's major analysis, but still important in cataloging the total Federal enterprise in education, are in category B. These are less easily identified by definition, program, and/or funds, and are activities involving specialized in-service training of Federal personnel



through other than the regularly organized schools of category A; activities of UNESCO reeducation of foreign peoples in occupied areas and similar miscellaneous activities. This should include any educational and training program or group instruction which the Federal Government supports or operates which is not included in category A. Excluded from this study are such mass instruction programs as the Voice of America or the issuance of news releases.

Further illustrations of activities falling in category B are the instruction programs in the specialized military service schools (all such schools may be lumped for a given service, and so reported); or a school for training of clerks in a given Governmental department.

Information was requested by the Bureau of the Budget on all educational activities of the Federal Government which were in operation for fiscal years 1947 or 1948, or which will be in operation in fiscal year 1949. Activities discontinued on or before June 30, 1946, were not included. All transfers between agencies have been included in reports of the spending agencies.

It will be noted that in-service training of Government personnel for the improvement of Government service has been included in this inventory, a function some of which in a strict sense is not in the field of education. However, as many of these programs are carried out through the regular institutions of the country (category A) and cannot do other than affect these institutions, they have been included for major emphasis. Those in-service activities falling in category B are closely associated, and have been included only for general inventory purposes, as are other activities in this category. They are involved with training in contrast to education. The two are closely associated, particularly as the methods of education are often used in training.

It is believed that the inventory presented below includes most of the activities of the Federal Government in category A. Exceptions are noted in several Federal functions of assistance to or support of education which are not susceptible to specific identification and thus are omitted from the inventory. Illustrative of these are: "In lieu" taxes paid to local governing bodies which in turn may devote a portion of such sums to the local support of education, and the somewhat comparable indirect Federal support for operation of public schools in the District of Columbia; Federal Communications Commission licensing of broadcasting stations and reserving of FM channels for educational use; or dedication of certain income from public lands to States for schools or roads when the amounts devoted to education are not readily available. Certain other programs, such as the United States Maritime Commission program of furnishing curricular materials and teacher helps to schools, were discontinued prior to fiscal 1947, but previously published materials and a residue of service are still available. Such programs are not mentioned in the inventory.

Because of the lesser importance of category B activities to the purpose of this report and because such activities are often, by their nature, difficult to identify or dissociate from broader operations or activities, it may be best to consider activities in this category as illustrative of Federal activities in this classification. It will be noted that less detailed information is given for many of the category B activities. For instance, in the National Military Establishment it is usually impossible to dissociate the cost of operating a training service school on a post or station from the general post operational moneys. Due to this, no fiscal figures were requested for these programs.

It will be noted that fiscal figures for the various activities often are not comparable. In some instances, subsistence or stipends to students are included in amounts; in other cases, programs will be noted for which subsistence or stipends are not included. In still other instances, overhead administration, tuitions, salaries of teaching staff, use or construction of buildings, and similar items, may

or may not have been included. This situation has been unavoidable due to the peculiar circumstances or legislative authority under which the varying programs operate or which control the manner in which their financial accounts are maintained. Many of the fiscal figures are of necessity the best estimates available, while in other cases amounts have been indicated as not available (NA) due to the fact that educational activities are often fused with more general operations.

It is essential that these factors be kept in mind in any effort to make comparisons between programs or to arrive at totals. However, these do not constitute a major obstacle to the purpose of this report which is to give a descriptive statement of the varied educational activities of the Federal Government. This does not aim to be a certified public accountant type of report. Fiscal figures are included only for the purposes of added description concerning the magnitude of these Federal activities and of indicating something of their manner of operating.

Those conversant with other studies in the field of Federal participation in education will note that programs and figures here presented do not necessarily conform with other studies. This is to be expected due to several factors, the most important of which are: Variations in definition as to what constitutes education; variations in treatment of funds transferred between agencies; variations between funds authorized, appropriated, expended, obligated, and/or available; variations in the degree of comprehensiveness of the search for Federal educational activities; and the fact that the appropriation structure and subsequent Government accounting usually do not lend themselves readily to the yielding of precise information by program or function. The previous pages will indicate the consistency of this report in these respects.

In order to assure consistency in the use of the fiscal terms of this report, the following definitions are presented:

1. *Contract authorization*.—A statutory authorization under which contracts or other obligations may be entered into prior to appropriations for the payment of such obligations.

2. *Appropriation*.—An authorization by an act of Congress to make payments out of the Treasury for specified purposes within a prescribed amount.

3. *Expenditures*.—The amount of approved vouchers, claims, or other documents which have been entered into the accounts of an agency as final charges against an appropriation.

4. *Obligations*.—Consist of orders placed, contracts awarded, services received, and all other transactions during a given period which definitely reserve the appropriation for expenditure.

5. *Authorization (statutory)*.—An amount provided by law as the maximum amount which may be appropriated for obligation during a specified period.

6. *Transferred funds*.—Amounts utilized by the performing agency or bureau which were appropriated to another agency or bureau.

7. *Available funds*.—Total amount available for obligation, irrespective of source.

## Inventory of Federal Educational Activities

The diverse nature of the various Federal activities and programs in the field of education, and the extent of their diffusion throughout the Government, will be noted from the inventory of this section. This listing, by departments and

independent agencies of the Government in alphabetical order, is of necessity such that only a cursory descriptive statement is possible regarding each activity. Effort has been made to include only such information as will disclose the general nature of the programs. Readers are cautioned against attempting an evaluation of any program on the basis of the limited information presented here.

A brief statement of abbreviations used in the inventory is necessary. Unless otherwise indicated, the use of a year such as "1947" refers to the Federal fiscal year ending on June 30 of that year. The 1948 and 1949 fiscal amounts include funds made available by appropriations of Congress up to June 30, 1948. The letters (A) or (B) following the activity indicate its category, as defined earlier in this Appendix. The symbol "NA" is used when the information is not available as to fiscal amount (or amount is unidentifiable from other funds) or as to whether the present program or an identifiable forerunner of it existed during the given year. The "----" indicates that the program was not in operation for the given year. The "0" indicates that the program was authorized or operating under general authorization, but that no Federal funds were involved or identifiable. An "E" before a number means that the Federal agency involved has desired that the figure be considered as purely an estimate. All information presented in this inventory is from the Bureau of the Budget, in cooperation with the departments and independent agencies involved, unless otherwise indicated.

# DEPARTMENT OF AGRICULTURE

[In thousands of dollars]

Subagency, activity, and purpose	Explanation and description	Obligated		Available	
		1940	1947	1948	1949
<b>Production and Marketing Administration.</b> —School-lunch program, to "safeguard the health and well-being of the Nation's children and to encourage the domestic consumption of nutritious agricultural commodities and other foods * * *", 1 A cooperative Federal-State program, except the U. S. Department of Agriculture deals directly with certain private schools. (A)	All of 1940 sum and \$2,654,000 of 1947 sum from Exportation and Domestic Consumption of Agricultural Commodities Act (7 U. S. C. 612 (c)) appropriations. Remainder 1947 sum from School Lunch Act appropriations. 1947: 6,016,129 children, 44,637 schools, had school lunch assistance. 1948, 1949: \$17,200,000 of total sum each year from Exportation and Domestic Consumption of Agricultural Commodities Act. Break-down is as follows:  <i>Item</i> Food assistance----- Purchase of commodities----- Administrative expenses-----  1948 \$98,500,000 17,000,000 1,700,000  1949 \$73,400,000 17,000,000 1,800,000	12,646	81,903	87,200	92,200
<b>Tobacco Service.</b> —Payment to school funds of New Mexico and Arizona. (A)	A portion of the proceeds of national forests in these States is appropriated for public schools. 1948, 1949: Includes \$49,000 each year to school funds of Arizona and New Mexico and an added \$24,000 each year for farm forestry investigations through cooperation with agricultural experiment stations. 1947: Of sum indicated, \$182,400 was for administration, remainder paid to States. In addition, non-Federal acres contributed \$27,680,999, or \$3.84 for each \$1 of Federal grant. 3,341 specific lines of research in fields authorized by Federal acts plus over 4,000 non-Federal lines of research were carried on by experiment stations. 1948, 1949: Statistics follow.  <i>Item</i> Payments to States----- Administration----- State required matching-----  1948 \$7,161,000 211,000 2,661,000  1949 \$7,361,000 197,000 2,861,000	23	39	73	73
<b>Agricultural Research Administration.</b> —Office of Experiment Stations. Agricultural experiment stations, to promote scientific investigation on principles and applications of agricultural science. A cooperative Federal-State program operating in land-grant colleges. (A)	1947: This summarized 16 programs in which various subagencies of the Agricultural Research Administration dispersed research funds to cooperating higher educational institutions, such as experiment stations in land-grant colleges, for various types of agricultural research, in accordance with memoranda of understanding. Sum includes only that portion going to educational institutions from much larger general research funds.	7,004	7,388	7,372	7,588
<b>Agricultural Research Administration.</b> —Research investigations, experiments, and demonstrations to further various fields of agriculture. These are not the normal experiment stations grants as above. (A)		3,719	4,944	5,064	5,168

<sup>1</sup> 60 stat. 230.

<sup>2</sup> Report on the Agricultural Experiment Stations, 1947, issued January 1948, prepared by the Office of Experiment Stations, U. S. Department of Agriculture, pp. 2 and 107.

DEPARTMENT OF AGRICULTURE—Continued  
[In thousands of dollars]

Subagency, activity, and purpose	Explanation and description	Obligated		Available	
		1940	1947	1948	1949
<b>Soil Conservation Service.</b> —Research into character, cause, extent, history, and effects of erosion, and to carry out preventive measures to conserve soil and water. (A)	Disbursements made to educational institution cooperators, such as land-grant colleges, in accordance with memoranda of understanding. This summarizes 2 programs.	1,797	1,512	1,180	1,680
<b>Extension Service.</b> —Cooperative extension work in agriculture and home economics, to disseminate scientific and other information to farmers for the development and improvement of agriculture. A cooperative Federal-State program operating through land-grant colleges. (A)	1947: Operating in 3,097 counties were 4,407 county agricultural agents and assistants, 2,808 home demonstration agents and assistants, 553 4-H Club agents, and over 700 Negro extension workers. Total technically trained personnel on county, State, and Federal level were about 11,000. 4,500,000 farm families served. Non-Federal sources contributed over \$25,000,000 to program, or 47.6 percent (approximately \$0.91 for each \$1.00 of Federal grant). <sup>3</sup> 1948, 1949: Break-down is as follows:  <i>Item</i> Payments to States, etc.----- 1948 1949 Administration and coordination----- \$22,833,000 \$25,967,000 Permanent specific appropriation----- 827,000 827,000 4,704,000 4,704,000  1948 was first year for which appropriations were made. Sums indicated are portions for research in agricultural experiment stations of land-grant colleges from larger total amounts appropriated under this act. First purpose listed at left received major portion of sums indicated.	19,143	28,208	28,364	31,408
<b>Research and Marketing Act.</b> —(1) Research into the basic laws and principles relating to agriculture in its broadest aspects; and (2) Research and service work on the distribution and marketing of agricultural products, including their preparation for market, processing, handling, storing, and transporting. (A) <b>Production and Marketing Administration.</b> —Demonstration of grades, standards, and inspection methods of farm products; collecting and publishing information on market news. (A) <b>Bureau of Agricultural Economics.</b> —Collection and dissemination of agricultural information in the fields of agricultural economics, crop and livestock estimates, etc. (A) <b>Extension Service.</b> —Supply and distribution of farm labor through land-grant colleges. (A) <b>Rural Electrification Administration.</b> —Assistance to borrowers in training employees in certain higher institutions in the most beneficial and economical use of electrical power. (A)	Funds are paid as salaries of Federal employees with extension services at land-grant colleges. This summarizes 4 programs.  Disbursements made to educational institution cooperators, such as land-grant colleges, in accordance with memoranda of understanding. This summarizes 2 programs.  This activity was operated through Extension Service of land-grant colleges for 1 year only during its liquidation. This program reactivated in 1948. 4 employees stationed at University of Florida, Oklahoma Agricultural and Mechanical College, South Dakota State College, and University of Nebraska. These people work through the above colleges on educational programs designed to teach borrowers and their consumers better methods of using the electricity available to them.	94	207	246	256
		894	351	364	364
				2,211	20

*Office of Foreign Agricultural Relations.*—Cooperation with American Republics program, to train agriculturists from Latin-American countries. (A)

*U. S. Department of Agriculture Graduate School.*—To: (1) carry on formal organized educational programs in the traditional sense; and (2) act as an educational service agency.<sup>4</sup> (A)

Funds transferred from Department of State. 1947: Approximately 72 trainees studied in 200 educational institutions, some spending added time in the United States Department of Agriculture.

1949: Estimate as presented to Congress. The residence program serves as a graduate school, an in-service training institute, and an adult education organization. With a faculty of over 300 it serves an average enrollment of from 5,000 to 7,000. Courses are offered in departments of biological sciences, languages and literature, mathematics and statistics, office techniques and operations, physical sciences, public administration, social sciences, and technology. A limited number of correspondence courses are also offered. Degrees are not offered, but degree-granting institutions usually accept transferred credit. 14 percent of students are United States Department of Agriculture employees, 74 percent employees of other Government departments, and 10 percent from outside the Government. Student fees pay instructional costs, no Federal appropriation being made for this program.<sup>4</sup>

#### ATOMIC ENERGY COMMISSION

Operation of "public" elementary and secondary school facilities for children in Federal communities. (A)

1947: Several contractors, including Anderson County Board of Education at Oak Ridge and Zia Co. at Los Alamos, provide educational services and Atomic Energy Commission paid all costs. At Richland, the State of Washington and local school district provided \$416,000 for operation, and Atomic Energy Commission \$125,000. 12,141 children in schools at the 3 communities.

1948, 1949: State and local sources materially increased their support at Richland. However, during fiscal year 1948, Atomic Energy Commission has found it necessary to make up the deficit in several nearby communities as well, due to the fact that the financial condition of the schools in those communities has been aggravated by the presence of large numbers of children from the families of the employees of Atomic Energy Commission's contractors.

Construction of "public" elementary and secondary school facilities for children in Federal communities. (A)

1947: Construction contracts at Oak Ridge for \$57,000, at Los Alamos for \$576,000 and at Richland for \$851,000.

Contract research with universities, on-campus. (A).

1948: In same order: \$1,938,000, \$48,000, \$3,409,000.

Construction of research facilities on university campuses. (A.)

1949: In same order: \$5,617,000, \$2,549,000, \$2,942,000.

Contract research, with groups of universities, off-campus. (A.)

1947: Contracts with 9 universities.

Construction of research facilities for contracting groups of universities, off-campus. (A.)

1947: At 2 universities.

1947: For purchase of land and construction of facilities for the group of 29 universities.

<sup>3</sup> Better Rural Living, Report of Cooperative Extension Work in Agriculture and Home Economics, 1947, U. S. Department of Agriculture, pp. 5, 4, 2, 39.  
<sup>4</sup> Bulletin, Catalog Issue 1947-48, Graduate School, U. S. Department of Agriculture, Washington, August 1947. Also letter of June 7, 1948, from the Director of the Graduate School.

E 132

113

159

0

0

4,399

3,685

3,177

11,107

5,395

1,484

10,421  
6,322

7,530  
4,592

9,809  
1,042

28,342

34,993

9,136

36,322

28,304

2,040

[In thousands of dollars]

560

## U. S. CIVIL SERVICE COMMISSION

DEPARTMENT OF COMMERCE

<i>Civil Aeronautics Administration.</i> —Promotion of aviation education in schools and colleges. (A).					127
<i>Civil Aeronautics Administration.</i> —Contract research in psychology relating to aircraft pilots. (A).					127
<i>Weather Bureau.</i> —Contract research in meteorology. (A).					127
<i>Office of Small Business.</i> Management Division, Extension Service Section. Extension Service to assist colleges of business administration and bureaus of business research in providing counseling and information services to small business. (A).					127
Curricular and teacher aid materials prepared and encouraged 1947: 133,000 items distributed on request, and 745 conferences held with school officials. Sponsored teacher workshops in 38 States attended by 12,428 teachers.					127
Through research and educational institutions studies are made in pilot training improvement, visual acuity, crash injury, pilot reaction, altitude warning devices, arrangement of instrument panels, etc. 1947: 11 contracts with 9 universities.					127
1947: Agreements in cooperation with State universities in Indiana, Texas, and Michigan. In addition to miscellaneous assistance to other schools.					127
1949: Office of Small Business abolished and its remaining activities transferred to the Office of Domestic Commerce by congressional action on 1949 appropriation bill.					127

<i>Weather Bureau.</i> —In-service training of Weather Bureau personnel in advanced meteorology. (A)	1947: 6 employees attended New York University with government paying tuition and fees while they retained full pay status.	4	3	6	6
<i>National Bureau of Standards.</i> —National Bureau of Standards Graduate School. (A)	1948, 1949: 10 scholarships in 1948 and 10 anticipated for 1949. Advanced study in formal courses in technical and specialized areas of mathematics, physics, chemistry, mechanics, and metallurgy. Program self-supporting on student fees.	0	0	0	0
<i>Civil Aeronautics Administration.</i> —In-service training of airways and safety personnel in all phases of safety regulation and air navigation. (B)	1948: 500 students enrolled, majority on Bureau staff, but other qualified students admitted. <sup>6</sup> Classes conducted by CAA in courses varying from 10 to 600 hours.	370	490	538	540
<i>Weather Bureau.</i> —Indoctrination for new employees. (B)	1947: 4,700 employees in training, 30 full-time, plus many part-time instructors.	0	NA	NA	NA
<i>Philippine Rehabilitation Act</i> technical training to employees of Philippine Republic. (A) and (B).	1947: 81 new employees received basic courses in 5 classes. Sum not available. Funds transferred from Department of State. Civil Aeronautics Administration, Coast and Geodetic Survey, and Weather Bureau participate.	429	362	404	
<i>Inter-American Exchange of Persons Program;</i> cooperation with American Republics. (A) and (B).	1947: 100 individuals received subsistence and travel, 69 of whom received in-service government training, and 31 university tuition and fees. Funds transferred from Department of State. Mostly in-service within governmental agencies.	465	229	222	
	1947: 6 subagencies paid subsistence, travel, and, when sent to universities, tuition and fees to 98 Latin-American officials.				

#### EXECUTIVE OFFICE OF THE PRESIDENT

<i>Bureau of the Budget.</i> —Cooperation with American Republics program, for interchange in the field of public administration. (B).	Funds transferred from Department of State. Mostly on-the-job training 1947: Training allowances, travel and/or tuition paid for 20 public officials of other countries. Also, "short-run" services of advice and consultation to 250 other officials of foreign governments.	34	32	30	
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#### FEDERAL COMMUNICATIONS COMMISSION

Cooperation with American Republics program, to facilitate and encourage international exchange of persons. (B).	Funds transferred from Department of State. 1947: 1 foreign student received grant for travel and allowances while engaged in Federal Communications Commission training program.	2	0	4	
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<sup>5</sup> Letter of May 13, 1948, from Inspection Division, U. S. Civil Service Commission; also Annual Report for Fiscal Year 1947, Personnel Division, U. S. Civil Service Commission, p. 8.

<sup>6</sup> Letter of May 5, 1948, from U. S. Department of Commerce; also Announcement of Courses for 1947-48, Graduate School of the National Bureau of Standards, U. S. Department of Commerce.



**FEDERAL SECURITY AGENCY**  
[In thousands of dollars]

Subagency, activity, and purpose	Explanation and description	Obligated		Available	
		1940	1947	1948	1949
OFFICE OF EDUCATION					
Vocational education, grants-in-aid to States and Territories for promotion of vocational education of less than college grade. (A) Education of the public in food conservation, through cooperation with States. (A)	1947: States required to match dollar for dollar, but contributed \$92,145,000; 2,608,618 persons enrolled in vocational classes, an increase of 280,955 over previous year. 1947: 451,864 persons participated in 3,000 food processing centers in 40 States. Canined 66,312,833 pints of food; 1,512,444 pounds lard rendered; 2,891,704 pounds meat cured; 2,619,881 pounds food frozen; 577,611 pounds food dehydrated. Program administered through State boards for vocational education. Sum indicated was for instructors and administration. Discontinued June 30, 1947.	20,297	20,639	26,619	27,128
Veterans' educational facilities program. Advisory and certification of need services by Office of Education to Federal Works Agency re war surplus educational facilities required by schools and colleges for education of veterans. (A)	Funds transferred from Federal Works Agency. Program providing (in all) 16,534,000 square feet of floor area in classrooms, offices, laboratories, libraries, cafeterias, etc., principally at higher educational institutions. In addition, surplus personal property at fair value of \$92,489,000 transferred to educational institutions. (See Federal Works Agency.) 1949: \$19,000 has been requested, which, with anticipated unexpended balance of \$34,000, should make \$53,000 available. Funds allocated to 69 land-grant colleges of which 17 are for Negroes. Bulk of support comes from nonfederal sources. 1947: Number of full- and part-time faculty, 54,706. Number of resident students, 488,118. In addition, 297,088 extension and 80,996 correspondence students. Funds transferred from White House Office. Temporary obligation only.		100	192	53
General support of land grant colleges, for endowment of colleges of agriculture and mechanic arts. (A)		5,030	5,030	5,030	5,030
Assistance to President's Commission on Higher Education in preparation of statistical information. (A) Evaluation of audio-visual aids in the Navy program, for the Bureau of Naval Personnel. (A)	Funds transferred from Navy. Service includes cooperation with Bureau of Naval Personnel in selection and definition of evaluation projects; selection of universities, etc., for specific projects; awarding contracts; supervision of projects; interpretation of findings. 1947: Funds transferred from Veterans' Administration to enable Office to assist Veterans' Administration by establishing a general pattern of procedure for the collection, compilation, and dissemination of information for veterans. Program subsequently discontinued.		12		
Veterans' Educational Information Clearance Service. (A)			22	930	90

General administration. Salaries and expenses of administrative staff, travel, publications, etc. (A)

1947: Break-down of obligations by divisions:

Elementary education.....	87,000
Secondary education.....	101,000
Vocational education.....	489,000
Higher education.....	75,000
School administration.....	75,000
Auxiliary services.....	95,000
International educational relations.....	51,000
Central services.....	364,000
General administration.....	65,000

Total.....1,402,000

The above includes basic appropriation of \$1,157,000, increased by transfers of \$254,000, the largest of which was \$162,000 from Federal Security Agency for travel, printing and binding.

Funds transferred from War Assets Administration, used to provide consultative and technical service to War Assets Administration, Army, Air Force and Navy in distribution of property needed by Government to 17,834 eligible educational institutions in 1947. For year ending October 1, 1947, Federal property valued at over \$450,000,000,000 made available to educational institutions at a cost to them of \$2,770,033, through this program.

Funds transferred from Department of State  
1947: Program in red exchange of 248 teachers in which 274 educational institutions participated. Also 36 graduate students exchanged who studied in 24 universities. Covered travel and maintenance allowances to teachers and administrative expenses.

1948, 1949: Break-down is as follows:

Item	1948	1949
Treaty students.....	\$74,000	\$89,000
Non-treaty students.....	145,000	149,000
Placement and guidance service.....	77,000	76,000
Teacher exchange.....	13,000	13,000
Allocation and selection service.....	35,000	32,000
General administration.....	15,000	14,000
Studies in Latin-American education.....	7,000	7,000
Fulbright Act orientation service.....	---	23,000
Fulbright Act administration.....	8,000	---
Smith-Mundt Act.....	---	---

Funds transferred from "Air Corps, Army"

Survey to determine standards of personnel qualifications necessary to the efficient performance on the part of supervisors and instructors in the schools of the Air Training Command (Air Force) and also to determine effectiveness of the use of instructional methods, procedures, devices, and resources used by these individuals in their respective training programs. (B)

<sup>1</sup> Statistics of Land-Grant Colleges and Universities, Bulletin 1947, No. 14, U. S. Office of Education, Federal Security Agency.

<sup>2</sup> Funds remain available until June 30, 1950.

<sup>3</sup> Funds remain available until June 30, 1950.

1,898

1,791

1,402

800

NA

418

694

403

374

195

90

925

# FEDERAL SECURITY AGENCY—Continued

[In thousands of dollars]

Subagency, activity, and purpose	Explanation and description	Obligated		Available																																											
		1940	1947	1948	1949																																										
OFFICE OF EDUCATION—Continued					10 0																																										
Procurement of motion pictures, film strips, and other visual aids for use in mental hygiene program of U. S. Public Health Service. (B)	Funds transferred from Public Health Service. The Visual Aids Section of the U. S. Office of Education is utilized in this program.																																														
PUBLIC HEALTH SERVICE																																															
Research grants to educational institutions and fellowships to students, to encourage promising students interested in becoming proficient in research in medical and related sciences and to promote worth-while research. This also includes a program, initiated in 1948, for cancer control, to improve the teaching of cancer to undergraduate medical and dental students. (A)	<p>Fellows operate under supervision of universities, medical schools, and other institutions. Applicants for research grants are reviewed by study sections made up of outside consultants and recommended through advisory councils to Surgeon General. Grant funds are paid directly to the institutions or individuals undertaking the research.</p> <p>1947: 42 fellows at 25 institutions in 18 States (National Institute of Health); 48 fellows at 22 institutions in 15 States (cancer); 231 research grants to 73 institutions (total employment 461). Of amount obligated in 1947, \$147,000 for research fellowships, \$2,569,000 for research grants, and remainder for administration (estimate).</p> <p>1948, 1949: Break-downs are as follows:</p> <table><tr><td><i>Item</i></td><td><i>1948</i></td><td><i>1949</i></td></tr><tr><td>National Institute of Health:</td><td></td><td></td></tr><tr><td>  Fellowships</td><td>\$300,000</td><td>\$400,000</td></tr><tr><td>  Research grants</td><td>4,619,000</td><td>6,162,000</td></tr><tr><td>National Cancer Institute:</td><td></td><td></td></tr><tr><td>  Fellowships</td><td>300,000</td><td>400,000</td></tr><tr><td>  Research grants</td><td>992,000</td><td>419,000</td></tr><tr><td>  Construction</td><td>230,000</td><td>7,471,000</td></tr><tr><td>  Teaching grants</td><td>1,389,000</td><td>2,005,000</td></tr><tr><td>Mental Hygiene:</td><td></td><td></td></tr><tr><td>  Fellowships</td><td>70,000</td><td>100,000</td></tr><tr><td>  Research grants</td><td>142,000</td><td>291,000</td></tr><tr><td>Total research grants</td><td>5,755,000</td><td>6,962,000</td></tr><tr><td>Total fellowships, teaching grants, and construction</td><td>2,280,000</td><td>10,570,000</td></tr></table>	<i>Item</i>	<i>1948</i>	<i>1949</i>	National Institute of Health:			Fellowships	\$300,000	\$400,000	Research grants	4,619,000	6,162,000	National Cancer Institute:			Fellowships	300,000	400,000	Research grants	992,000	419,000	Construction	230,000	7,471,000	Teaching grants	1,389,000	2,005,000	Mental Hygiene:			Fellowships	70,000	100,000	Research grants	142,000	291,000	Total research grants	5,755,000	6,962,000	Total fellowships, teaching grants, and construction	2,280,000	10,570,000	162	2,923	8,012	17,481
<i>Item</i>	<i>1948</i>	<i>1949</i>																																													
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*bureau of State Services* program for training personnel for State and local health work. (A)

Allocations made to States on basis of population, financial need, and extent of special health problems. States in turn make payment to trainees for stipends and travel, and to schools and other institutions for tuition, etc. Federal grants matched by State and local funds.  
1947: 2,555 persons received training, including 551 physicians, 909 nurses, 537 sanitation, 29 dental, 120 laboratory, and 409 other personnel.  
1948, 1949: Break-downs are as follows:

Item	1948	1949
Veneral disease	\$88,000	\$97,000
Tuberculosis	151,000	169,000
General health	691,000	694,000
Cancer control	154,000	189,000
Mental health	202,000	400,000

*Division of Nursing* program to train professional nurses for armed forces, governmental and civilian hospitals. A wartime program in process of liquidation, which should be completed during fiscal 1950. (A)

Funds go to schools of nursing or training hospitals to provide stipends for 30 months, and maintenance up to first 9 months, of the cadet nurse training program. At start of fiscal year, 92,481 cadets were in over 1,000 schools of nursing. 33,920 graduated during year and 5,919 withdrew, leaving 52,562 in training on June 30, 1947. Of 1947 sum, \$34,000 for administration and recruitment; \$1,492,000 for grants to schools of nursing.  
1948: All grants cease during the year.  
1949: Sum for administration only.

*Office of International Health Relations* program for Philippine rehabilitation. (A)

Funds transferred from Department of State.  
1947: 25 Philippine trainees were brought to United States for public health training, United States paying travel, tuition, subsistence allowance, etc.

*Office of International Health Relations*—Cooperation with American Republics program, to render closer and more effective relationships. (A)

Funds transferred from Department of State. Recipients, who agree to return to specific positions in their own countries, are granted all expenses, no expenses, or part expenses, depending upon circumstances and agreements.  
1947: 25 trainees brought to United States for public health or postgraduate medical training.  
1949: Sum is that requested.

Hospital division program for training of medical and hospital personnel. (B)  
*Mental Hygiene Division*—Grants for training of qualified persons in psychiatry, clinical psychology, psychiatric social work, and psychiatric nursing. (A)

Stipends to 183 cadet nurses, interns, and student dietitians. Other training provided at identifiable institutions.  
Program initiated in 1948. Grants made to educational institutions for salaries, stipends, and other expenses. Medical schools must match grants for undergraduate training; other grants not matched.  
1948: All funds for graduate training.  
1949: \$2,200,000 for graduate training, \$300,000 for undergraduate training.

<sup>10</sup> Funds remain available until June 30, 1950.

<sup>11</sup> Represents 15 building projects at medical schools or associated hospitals against contract authorization of \$3,000,000.

<sup>12</sup> Amount is as contained in appropriation bill as it passed the House.

**FEDERAL SECURITY AGENCY—Continued**  
[In thousands of dollars]

Subagency, activity, and purpose	Explanation and description	Obligated			Available	
		1940	1947	1948	1948	1949
<b>PUBLIC HEALTH SERVICE—continued</b>						
<i>Mental Hygiene Division.</i> —Demonstrations in professional education, to demonstrate the latest developments of educational techniques to institutions providing training in psychiatric, clinical psychology, psychiatric social work, psychiatric nursing, etc. (A)	Program initiated in 1948. Service pays salaries and other expenses of persons giving demonstrations. Break-down is as follows:				90	11 108
	<i>Item</i> 1948 1949					
	Personal services.....			\$94,000		\$70,000
	Travel.....			12,000		23,000
	Other expenses.....			14,000		14,000
<i>Mental Hygiene Division.</i> —Training of Public Health Service personnel in schools and other institutions outside the Service, to further the professional training of Service personnel in the mental health specialties. (A).	Program initiated in 1948. Service pays salaries and allowances to trainees and tuition and related charges to institutions providing training. Break-down is as follows:				11	11 28
	<i>Item</i> 1948 1949					
	Pay and allowances.....			\$11,000		\$17,000
	Tuition, etc.....					11,000
Cooperation with American Republics program with National Office of Vital Statistics, to render closer and more effective the relationship between the American Republics. (A)	Funds transferred from Department of State. 1947: 4 trainees brought to the United States for training in vital statistics.		12		24	11 13
<i>Mental Hygiene Division.</i> —Training of Public Health Service personnel in Service institutions, to further the professional training of Service personnel in mental health specialties. (B)	Program initiated in 1949. 1949: Break-down is as follows:					16 53
	Pay and allowances.....					\$42,000
	Travel.....					1,000
	Supplies and equipment.....					10,000
<i>Mental Hygiene Division.</i> —Training institutes, to provide short intensive courses in psychiatry to enable practicing physicians to handle minor psychiatric disorders, and similar courses applicable to the other mental health disciplines. (B)	Program initiated in 1948. Plans are formulated in conjunction with mental health authorities of States in which institutes are held. Service pays salaries and other expenses of persons giving institutes, or contracts for such work.				42	17 20

*Bureau of State Services* program, to provide training to Federal, State, and local health department personnel, and foreign personnel. (B)

*Howard University.*—Undergraduate and graduate program primarily for Negroes. Federal assistance to this quasi-private university. (A)

*Howard University.*—Plans and construction of buildings. (A)

*Freedmen's Hospital.*—Training medical and hospital personnel. (A)

*St. Elizabeths Hospital.*—Training medical and hospital personnel. (A)

*Columbia Institution for the Deaf.*—Instruction and further advancement of deaf persons through education. (A)

*American Printing House for the Blind.*—Manufacture of special equipment and materials for free distribution to schools for the blind. (A)

<sup>13</sup> Amount is as contained in appropriation bill as it passed the House.

<sup>14</sup> Amount is as contained in appropriation bill as it passed the House.

<sup>15</sup> Sum requested.

<sup>16</sup> Amount is as contained in appropriation bill as it passed the House.

	281	449	485
<p>This program, operated and conducted by the Federal Government, is for training Federal employees and commissioned officers and health employees of State governments in general health work, health engineering, and the control of communicable diseases; training individuals sent by foreign governments similarly with emphasis on control of diseases of exotic origin; similar training of certain individuals from commercial institutions. Sums include personal services of technical, professional, and scientific personnel, traveling expenses, production of audio-visual training aids, pamphlets, etc. Last two primarily for use in training centers, but also distributed to State and local health departments, educational institutions, etc. Courses vary from 3 to 10 weeks in length.</p> <p>1947, 1948: Statistics for attendance at courses follow:</p>			
Item	1947	1948	
State employees	113	583	
Federal employees and officers	185	45	
Foreign trainees	75	99	
Commercial trainees	12	12	
	782	1,646	2,153
<p>Federal Government supplies a substantial portion of operating costs. Sums are for current operations, and include certain services to Freedmen's Hospital.</p> <p>1947: Enrollment 7,120 full- and part-time students in the 10 schools and colleges of the university.</p> <p>1947: Although \$15,000 in 1947 was actually obligated, a total of \$1,556,465 was available.</p> <p>1948, 1949: Sums include appropriations and contract authorizations. Hospital associated with Howard University.</p>			
	194	15	6,090
	NA	87	158
<p>1947: Sum is for stipends to 240 cadet and student nurses, residents, and interns. Other training costs not identifiable.</p> <p>1948: Freedmen's Hospital will reimburse Howard University for training received by student nurses. Number of student nurses increased.</p> <p>1947: Sum is for stipends to 123 nurses and interns. Other training costs not identifiable.</p> <p>1948: Number of student nurses increased.</p> <p>Payments to board of trustees of the institution. Deaf mutes of the District of Columbia, together with certain others from outside the District, are admitted without charge.</p> <p>1947: Of 243 enrolled, 160 were in Gallaudet College, the advanced department located in Louisville, Ky. This nonprofit private institution receives Federal aid to provide continuing service for approximately 6,000 blind children in public schools for the blind. In 1879 Congress appropriated \$250,000 as a trust fund, income from which at \$10,000 per year is included in sums indicated. In 1940, Federal grant represented 43 per cent of its total income; in 1947, 22 per cent.<sup>19</sup></p>			
	125	125	125
			194
			NA
			NA
			125

<sup>17</sup> Amount is as contained in appropriation bill as it passed the House.

<sup>18</sup> Letter of May 20, 1948, from Federal Security Agency.

<sup>19</sup> Letter of May 20, 1948, from Federal Security Agency.

**FEDERAL SECURITY AGENCY—Continued**  
[In thousands of dollars]

Subagency, activity, and purpose	Explanation and description	Obligated		Available	
		1940	1947	1948	1949
<b>PUBLIC HEALTH SERVICE—continued</b>  <i>Office of Vocational Rehabilitation</i> —Rehabilitation of disabled individuals to increase employability, in cooperation with States. (A)	1947: Through State boards for vocational education, \$12,639,155 of Federal money was expended, with \$1,827,076 of State money. Total case load was 38,456 persons. 51,576 disabled persons were prepared for and placed in employment, and an added 5,637 were ready for employment. Services included considerable physical restoration, artificial appliances, hospitalization, and placement equipment. <sup>24</sup> 21,931 persons received training in educational institutions for which \$1,681,000 of Federal money was involved (sum indicated). 1948, 1949: Sums are estimated obligations. All sums are only those used in training at educational institutions. 1949: Sum is approximate cost of the administration of the in-service training program. In addition, the approximate cost of salaries, travel expenses, per diem, etc., of trainees was \$175,000. 1947: Same as for 1946, except direct costs for trainees was approximately \$215,000.	882	1,681	E 1,857	E 2,207
<i>Social Security Administration, Division of Old-Age and Survivors Insurance</i> —In-service training to equip employees with a knowledge of the Social Security Act as well as the technical procedures and operations of the day-60-day job. (B)		E 30	E 46	E 50	E 50

**FEDERAL WORKS AGENCY**

<i>Bureau of Community Facilities.</i> —Maintenance and operation of schools under "Lanham Act," to help support public schools, the financing of which was adversely affected by the war or its aftermath. (A)	Contributions direct to school districts. 1947: 123 schools aided, having an average daily attendance of 405,955 pupils. Federal assistance averaged 15 percent of total budgets of these schools. Break-down is as follows:			6, 004	4, 500	3, 000
	<i>Item</i>	<i>1947</i>	<i>1948</i>	<i>1949</i>		
	Administration.....	\$215, 000	\$70, 000	\$100, 000		
	Aid to schools.....	6, 089, 000	4, 430, 000	2, 900, 000		
<i>Bureau of Community Facilities.</i> —Veterans' Educational Facilities Program, to provide war surplus educational facilities to schools and colleges for the education of veterans. (A)	This program, for which U. S. Office of Education had responsibility of determining need (see Federal Security Agency), provided buildings for educational institutions (principally colleges and universities). Cost usually included disassembling, moving, and reassembling of surplus buildings. Program also provided surplus educational equipment, furnishings, etc.			62, 729	19, 400	2, 000

1947: 812 educational institutions received buildings; many of these also received equipment, etc. 596 added institutions received equipment, etc., only. All of these institutions enrolled total of over 1,000,000 veterans. During 1947, 13,985,039 square feet of floor space was allocated, though not necessarily moved. Valuation of buildings and equipment, etc., not included in sum. Break-down is as follows: Administration of program ----- \$2,159,000 Project operations ----- 60,570,000 1949: Program in process of liquidation. Educational institutions provided site, trunk utilities, streets and sidewalks, and management of completed housing. Housing and Home Finance Agency provided demounted war housing, and usually cared for reentering on site. Value of buildings unknown. In May 1948 Housing and Home Finance Agency reported cost of construction to have been approximately \$56,000,000, not identifiable by years. Government receives portion of rental return. <sup>21</sup> Arrangements are periodically made with American University for establishment of evening courses which are of value to Housing and Home Finance Agency employees. Housing and Home Finance Agency usually nominates officials, to the university, to teach the courses. <sup>22</sup>	NA	NA	NA
In-service training of employees. <sup>22</sup> (A) -----	0	0	0

#### INSTITUTE OF INTER-AMERICAN AFFAIRS

Training of Latin-American technicians in the United States, to give special training to professional personnel for positions in or related to program of the Institute. (A)	350	348	235
Cooperative education programs with other American Republics, to strengthen friendship and understanding. (B)	1,075	1,315	1,100

<sup>20</sup> Office of Vocational Rehabilitation for the Fiscal Year 1947, Annual Report of the Federal Security Agency, sec. 7, pp. 589, 590, 622, 629.

<sup>21</sup> Letter and enclosures of May 28, 1948, from Housing and Home Finance Agency.

<sup>22</sup> Letter of May 28, 1948, from Housing and Home Finance Agency.



# DEPARTMENT OF THE INTERIOR

[In thousands of dollars]

Subagency, activity, and purpose	Explanation and description	Obligated		Available	
		1940	1947	1948	1949
<i>Government in the Territories.</i> —Assistance to Alaska, for the establishment and maintenance of public schools. (A)					
<i>Bureau of Reclamation.</i> —Education of children of Federal employees at Boulder Canyon and Columbia Basin projects (Boulder City, Nev., and Conlee Dam, Wash.), to compensate public school districts. (A)	1947: Funds paid directly to public school districts at \$25 per semester per pupil at Conlee Dam and \$45 per semester per pupil at Boulder, plus obligations incurred on fiscal year basis for construction of new buildings. 539 dependent pupils at Conlee Dam and 250 at Boulder City. Of sum indicated, approximately \$18,000 for construction of buildings. 1948, 1949: No appropriation for Conlee Dam school district. 1949 sum includes \$500,000 for construction of school building at Boulder City. 1949 reimbursement to Boulder City school district for education estimated at not to exceed \$15 per pupil per semester. Includes education of Indians in Alaska. 1947: 238 Federal Indian schools operated, enrolling 30,254 pupils. Contracts with some 1,140 school districts provided schooling for an added 13,759 pupils. 6 State contracts provided for 8,797 pupils. 79 handicapped children were provided tuition, care, and expenses. 1,423 pupils were sent to 10 mission boarding and day schools. 3 Indian museums were operated. Break-down is as follows: Federal boarding schools.....\$5,902,000 Federal day schools.....2,539,000 Mission schools.....131,000 Public school assistance.....1,348,000 Higher education.....2,000 Supervision.....325,000 Museums.....44,000 1948, 1949: Separate appropriations for these years for Navajo and Hopi service included. Public school assistance increased to \$1,027,000 in 1949. Tuition for higher education also increased to \$9,000. 1947: 3 federally operated boarding schools enrolled 970 boarding and 50 day pupils; 106 day schools had an average daily attendance of 3,657 pupils; 12 blind and deaf students were sent to schools in Washington State and Vancouver.	50	50	50	50
		78	124	39	740
<i>Bureau of Indian Affairs.</i> —Operation of schools for education of Indians in United States. (A)		9,006	11,291	11,140	12,054
<i>Bureau of Indian Affairs.</i> —Operation of schools for natives of Alaska. (A)					
	1947: Break-down is as follows: Construction of Federal reservation schools.....\$29,000 Construction of Federal day schools.....104,000 Construction of State public schools.....25,000 Maintenance.....466,000 1949: Construction of State public schools increased to \$778,000.	723	1,622	1,433	1,475
<i>Bureau of Indian Affairs.</i> —Maintenance and construction of schools for education of Indians. (A.)		149	615	1,083	1,664

<i>Fish and Wildlife Service.</i> —Pribilof Islands schools, for elementary education of natives. (A.)	15	21	8	15	15
<i>Bonneville Power Administration.</i> —Contract research related to power processes, utilization, and markets. (A.)	0	22	NA	0	0
<i>Fish and Wildlife Service.</i> —Cooperative wildlife research unit program, to carry on research to determine better management for the wildlife resource and to give men technical training for its administration and management. (A)	97	76	60	70	97
<i>Fish and Wildlife Service.</i> —Fellowships for students training in fishery technology, economics, and statistics to acquaint college students with the possible opportunities in the fisheries. (A)	0	5	5	0	0
<i>National Park Service.</i> —In-service training of employees in forest and building fire protection and control. (B)	17	17	NA	17	17
<i>Office of the Secretary.</i> —In-service training for present and potential supervisors in the employment of the Department, in a Supervisors' Forum, to achieve optimum efficiency in performance. (B)	NA	NA	NA	NA	NA
<i>Geological Survey.</i> —Cooperation with American Republics program, for exchange of persons, to provide training in field geology to qualified citizens of the American Republics. (B)	12	20	12	12	12
<i>Fish and Wildlife Service.</i> —Philippine rehabilitation program to rehabilitate fishery resources. (B)	192	100	192	192	192
<i>Fish and Wildlife Service.</i> —Cooperation with American Republics program, for training in fishery sciences and management. (B)	19	23	10	19	19
<i>Bureau of Reclamation.</i> —Cooperation with American Republics program, to promote scientific and cultural relations with other American countries. (B)	12	5	11	12	12
<i>Bureau of Mines.</i> —Cooperation with American Republics program, for training of persons from other American countries. (B)	0	0	0	0	0

# DEPARTMENT OF THE INTERIOR—Continued

[In thousands of dollars]

Subagency, activity, and purpose	Explanation and description	Obligated		Available	
		1940	1947	1948	1949
<i>National Park Service</i> .—Yosemite School of Field Natural History, to teach naturalists conservation methods and to prepare students for employment as naturalists in areas administered by the Service. (B)	Each year about 24 students are admitted. Only a few subsequently become Service employees. Sum indicated is rough estimate, as activity merges with operations.  1947: 27,564 persons employed in mineral and allied industries were given a full course in first aid and 2,424 in mine rescue. These persons were from many industries including coal mining, metal mining, cement, quarrying, metallurgical, petroleum and natural gas, and nonmetallic mining. Work done through lectures, demonstrations, formal courses, exhibits, and preparation and publication of text materials. Instruction to mine safety committees in safe practices and interpretation of the Federal Mine Safety Code; to operating officials and others interested in accident prevention.	NA	1	1	1
Bureau of mines, Safety Branch.—Training program for prevention of accidents. (B)		NA	NA	250	250
Bureau of mines, Coal Mine Inspection Branch.—Training program for the prevention of accidents. (B)		NA	NA	225	314

## INTERSTATE COMMERCE COMMISSION

In-service training to prepare employees for promotion or for more efficient service in positions which they already occupy. <sup>23</sup> (B)	Typical of several courses offered was one in 1946 and 1947 of 31 lectures by the head test analyst of the Commission's Bureau of Transport Economics and Statistics. In 1948 a course was offered to prepare employees for promotion to position of transport tariff examiner. Funds not identifiable. <sup>23</sup>	NA	NA	NA	NA
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## DEPARTMENT OF JUSTICE

<i>Immigration and Naturalization Service</i> .—Citizenship education to promote instruction and training primarily of applicants for naturalization. <sup>24</sup> (A)	This Service encourages citizenship instruction in public schools and has prepared about 40 printed pamphlet sections of a textbook and teacher helps, for free distribution to candidates for citizenship who are attending public school classes or classes supervised by such schools. In addition, many instructional posters are prepared and distributed. Instruction is also given in over 40 State university and college extension programs. Service personnel engage in liaison work with State and local educational units. 1947: 126,573 individuals either filed declarations or petitions in anticipation of citizenship. 183,000 textbooks distributed to State and local educational units. 10,000 individuals did home study through extension courses. <sup>24</sup>	21	99	37	22
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<i>Federal Prison System.</i> —Academic and occupational education of prisoners, for rehabilitation of prisoners. (A)	1947: Approximately 9,200 inmates received instruction in one or more courses. Sum includes limited amount for correspondence courses offered by various colleges.	E 205	275	275	275
<i>Federal Prison Industries, Inc.</i> —Vocational training and education of prisoners, for rehabilitation of prisoners. (A)	1947: Approximately 7,900 inmates received instruction in one or more courses.	20	369	338	380
<i>Immigration and Naturalization Service.</i> —In-service training of Service personnel in law enforcement and other specialized Service activities. (B)	Program administered and operated by this agency 1947: 2,375 employees received correspondence course instruction (optional) and 120 border patrol inspectors received training school instruction.	30	39	7	84
<i>Federal Bureau of Investigation.</i> —In-service training for special agents, in law enforcement techniques. (B)	1947: 1,854 special agents received instruction and training.	130	342	439	381
<i>Federal Bureau of Investigation.</i> —National Police Academy, for instruction and training in law enforcement techniques. (B)	1947: 266 State and local enforcement officers attended Academy.	4	8	12	7
<i>Federal Bureau of Investigation.</i> —General and specialized police training and administrative schools, in law enforcement techniques. (B)	Funds not identifiable. Federal Bureau of Investigation personnel assist local law enforcement groups in locally sponsored schools and institutes.	NA	NA	NA	NA
	1947: 89,280 officers attended general police schools (average 2 weeks); 8,850 officers attended specialized training schools (average 1 week); 1,500 executives and officials attended police administrative schools (average 4 days).				

DEPARTMENT OF LABOR

<i>Apprentice Training Service.</i> —To promote agreements with labor and management for conduct of apprentice training. (A).	1947: Average number of apprentices was 105,504. Each was supposed to have 144 hours of institutional training, usually in vocational high schools. Except for a nonpersonal service cost of \$387,674, sum was expended for salaries of Federal personnel administering program in Washington and in States. Added amount available in States for promoting this program was \$1,219,000, part of which came from Veterans' Administration funds. Funds transferred from Department of State.	85	2,274	2,411	2,444
Cooperation with American Republics program, for interne training of certain citizens of the American Republics. (B).	1947: Transferred funds paid expenses and per diem of 16 trainees. Division of Labor Standards, Bureau of Labor Statistics and Women's Bureau participated. Of 1947 total, \$28,000 for administration and \$35,000 for instruction. 1948, 1949: Bureau of Apprenticeship also participated in program.		63	90	153

<sup>23</sup> Letter of May 6, 1948, from Interstate Commerce Commission.

<sup>24</sup> Letter and enclosures of May 21, 1948, from Immigration and Naturalization Service, U. S. Department of Justice.

UNITED STATES MARITIME COMMISSION <sup>24</sup>

[In thousands of dollars]

Subagency, activity, and purpose	Explanation and description	Obligated		Available	
		1940	1947	1948	1949
<i>Bureau of Training.</i> —Training of officers for the United States merchant fleet in merchant marine academies. (A)	Schools for training of cadet-midshipmen under a 4-year course. Cadets receive \$65 per month and are furnished quarters and subsistence. 1947: <i>Institution</i> Kings Point Academy..... 494 922 Pass Christian School..... 120 154 San Mateo School..... 138 250 District Cadet Supervisors..... 21 a 489 a At sea.  1947: <i>Institution</i> California Maritime Academy..... 86 Maine Academy..... 142 Massachusetts Academy..... 169 New York Academy..... 341 Pennsylvania Academy..... 75 The 5 States contributed approximately \$650,000.  Break-down is as follows: Pay and subsistence to cadets..... 1947 1948 1949 Grants to States..... \$839,000 \$720,000 \$1,088,000 Repair to vessels..... 179,000 200,000 200,000 The Pennsylvania Academy has closed. 125,000 200,000 200,000	NA	4,835	3,117	3,230
<i>Bureau of Training.</i> —State Marine Schools (Maritime Academies) operated with cooperation of Federal Government for training of cadet-midshipmen under 3- and 4-year courses. (A)	<i>Institution</i> California Maritime Academy..... 86 Maine Academy..... 142 Massachusetts Academy..... 169 New York Academy..... 341 Pennsylvania Academy..... 75 The 5 States contributed approximately \$650,000.  Break-down is as follows: Pay and subsistence to cadets..... 1947 1948 1949 Grants to States..... \$839,000 \$720,000 \$1,088,000 Repair to vessels..... 179,000 200,000 200,000 The Pennsylvania Academy has closed. 125,000 200,000 200,000	NA	1,143	1,120	E 1,488
<i>Bureau of Training.</i> —Retraining licensed personnel in United States Merchant Marine in 1- and 2-month courses to improve their skills, qualify them for advancement, and provide added skills. (B)	Officers receive \$150 per month and unlicensed personnel \$100 per month, and quarters and subsistence. 1947: <i>Institution</i> Training Station—Alameda..... 82 535 Training Station—Sheepshead Bay..... 267 3,069 Various small specialist schools..... 333 1,591	NA	2,767	1,276	E 1,275
<i>Bureau of Training.</i> —Training licensed and unlicensed personnel for service in the United States Merchant Marine, basic training of inexperienced personnel under 6-month courses to become qualified unlicensed personnel of the merchant fleet. (B).	Recruits are paid \$75 per month and are furnished quarters and subsistence. 1947: <i>Institution</i> Training Station—Alameda..... 16 139 Training Station—Sheepshead Bay..... 89 1,142 Training Station—St. Petersburg and ship..... 187 1,597	NA	1,954	1,606	E 1,585

Bureau of Training.—United States Maritime Service Institute correspondence and extension courses for licensed and unlicensed personnel of the merchant marine. (B)	Cost of program is entirely for staff services. 1947: The United States Maritime Service Institute enrolled 5,157 students in 11,224 courses as of June 30, 1947.			
	NA	227	125	E 125
Bureau of Training.—Training of seamen; general administration, procurement of trainees, custody of surplus property pending disposal, medical care. (B)	Break-down is as follows:			
	NA	1,082	480	E 441

# NATIONAL ADVISORY COMMITTEE FOR AERONAUTICS

Research in universities, sponsored by the National Advisory Committee for Aeronautics. (A)	NA	280	E 507	E 500
---	----	-----	-------	-------

These contracts for basic research average around \$13,000 each. Projects are initiated either by technical personnel within National Advisory Committee for Aeronautics or as a result of proposals received from universities. Contracts on lump-sum basis; the only obligation of the university is to submit a satisfactory technical report as agreed upon. 1948 and 1949 figures are estimates.

# NATIONAL ARCHIVES

Cooperation with American Republics program, for training of foreign interns in archival theory, processes, and techniques. (B)		6	0	6
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Funds transferred from Department of State. 1947: Trainee allowance and travel paid for 3 interns from South America. Formal university instruction, if desired, is paid by intern.

# NATIONAL MILITARY ESTABLISHMENT

DEPARTMENT OF THE AIR FORCE				
NOTE.—Department of the Air Force figures on such items as ROTC, dependent education, training, education at civilian institutions, U. S. Armed Forces Institute, etc., are incorporated in Department of the Army figures for fiscal 1940 and 1947. Research and development through contracts with universities. (A)	NA	3,700	E 4,960	E 8,760
Air University (B)-----				

Includes basic and applied science studies (research) and closely associated applications to equipment, etc. (development). Sum of all obligations. The descriptions of the 6 activities below represent the best available determination of the first year of operation (1947) of the Air University system, and quotas are considerably lower than the planned ultimates for any school listed.

2: Figures prior to Sept. 1, 1942, not available as Bureau of Training activities were then under United States Coast Guard.

NATIONAL MILITARY ESTABLISHMENT—Continued  
[In thousands of dollars]

Subagency, activity, and purpose	Explanation and description	Obligated		Available	
		1940	1947	1948	1949
DEPARTMENT OF THE AIR FORCE—continued					
<i>Air War College</i> .—To prepare selected officers for high command and staff duty with large Air Force units; to promote sound concepts of air power. (B)	Students selected are regular Air Force officers of between 10 and 22 years commissioned service and with high efficiency ratings. 1947: Average student load, 32; total students for year, 52; 73 instructors shared with Air Command and Staff School.	NA	NA	NA	NA
<i>Air Command and Staff School</i> .—To prepare officers for command of groups and wings, and for staff duties appropriate to grades. (B)	Students are officers of between 6 and 11 years of commissioned service. 1947: Average student load, 96; total students for year, 96; see above for instructors (Air War College).	NA	NA	NA	NA
<i>Air Technical School</i> .—To prepare officers for command of squadron and appropriate staff duties. (B)	Students are officers of between 1 and 6 years of commissioned service (etc.). 1947: Average student load, 400; total students for year, 800; 92 instructors.	NA	NA	NA	NA
<i>Air Force Special Staff School</i> .—To prepare selected officers for specialized administrative and technical staff assignments at group and higher levels. (B)	Average of 6 courses of from 1 month to 18 weeks, usually in continuous operation. 1947: Average student load, 300; total students for year, 1,000; 136 instructors.	NA	NA	NA	NA
<i>AAF Institute of Technology (under Air University for curricular supervision only)</i> .—To improve and maintain technical competence of Air Force. Courses in engineering science and in industrial and engineering administration, primarily on advanced undergraduate level. (B)	Open to officers normally with 2 years or more of college education. 1947: Average student load, 188; estimated number of instructors, 46.	NA	NA	NA	NA
<i>School of Aviation Medicine</i> . (B)	Courses, determined by requirements of the Air Surgeon, vary from basic AME courses to senior flight surgeon courses. 1947: Average student load, 200; total students for year, 600; estimated number of instructors, 42.	NA	NA	NA	NA
DEPARTMENT OF THE ARMY					
<i>Engineers and Quartermaster</i> .—Education of dependent children, to assist in providing services and facilities where required for children of both military and civilian personnel of the Army. (A).	Funds are for school construction, tuition charges for children residing on tax-exempt Federal property (except when schools make no tuition charge), for contract operation and maintenance where necessary. Varies according to circumstances and wording of appropriation acts. In addition to sums indicated, sometimes schools are built on posts out of over-all post funds. Coordinated with Joint Army, Navy, Air Force board, Department of State, and United States Office of Education. 1947: 2,863 pupils, 106 teachers, 9 installations; majority of expenditure overseas.	NA	669	2,673	2,234

1948: Public Law 287, 80th Cong., 1st sess., made general provision for elementary and secondary schooling for dependents not to exceed \$100 per child. Largest single item was \$1,992,000 for construction overseas. Nonappropriated funds (unfunds against parents, etc.) estimated at \$297,000 in Zone of Interior and United States possessions, and \$354,000 in overseas areas other than occupied, totaling \$541,000 not covered by 1948 authorization. 12,725 pupils.

1949: Maximum amount authorized per child was raised to \$120 effective

1948: 8,420 children involved, \$683,000 in nonappropriated funds were used to supplement the amount of appropriated funds in fiscal 1948. Sources were benefits, drives, and assessments against parents.

1949: 12,887 estimated number children involved. Estimated that \$100,000 in nonappropriated funds needed.

Funds are expended to operate schools; to contract for facilities, services, supplies, etc.; or for tuition payments to public schools.

1948: Projects in Arkansas, Oregon, South Dakota, North Dakota, and Nebraska.

See immediately above

1948: For Columbia River, Oreg., \$70,000 was available. Other sums cannot be estimated.

Includes basic and applied science studies (research) and closely associated applications to equipment, etc. (development).

**Break-down as follows (including research and development):**

Department, etc.	1947	1948	1949
		(see note)	(estimate)

Army Security Agency-----	\$80,300	(estimate)
Signal Corps-----	585,198	
	\$100,000	
	\$260,000	

Chemical Corps.....	972, 190	300, 000	350, 000
Ordinance Department.....	6 502 803	12 800 000	12 800 000

Cumulative Capital Transfers.....	9,607,000
Medical Department.....	1,509,359
Quartermaster Corps.....	1,106,989
Quartermaster Corps.....	780,000
Medical Department.....	1,200,000
Cumulative Capital Transfers.....	14,000,000
Quartermaster Corps.....	1,400,000
Cumulative Capital Transfers.....	14,000,000

Transportation Corps	20,000
Corps of Engineers	200,000
Signal Corps	13,207,208
Transportation Corps	442,086
Signal Corps	200,000
Transportation Corps	250,000
Signal Corps	100,000
Transportation Corps	40,000

Transportation Company	8 226 910	10 126 000	10 694 000
Total research			

Total development.....	2,971,306	5,264,000	5,306,000
Total requirement.....	5,220,313	10,100,000	10,081,000

1940: Record not available, but amount very small.  
1948: Expenses derived from actual obligations for first three quarters of

year and estimate for final quarter.  
1970. Figures derived from actual obligations for first three-quarters of 1970. Figures are estimates only.

Contracts are made with accredited educational institutions and other 1940. Figures are estimates only.

1947: 1,321 students (450 in long courses, 476 in short courses, 395 carried civilian agencies at current tuition rates.

are appropriation for administration were cut from \$62,000,000 to \$55,000,000 over from fiscal 1940). Sum for tuition costs of first 2 groups only (\$26).

[illegible]

1

[illegible]

*Civil Affairs Division, Occupied Areas.*—Education of dependents, operation and maintenance of elementary and secondary schools for American children of military and civilian Army personnel in occupied areas. (A)

**Corps of Engineers.**—Education of dependent children of military and civilian personnel at schools on projects under the Flood Control Act, to provide education where public school facilities are not available or adequate. (A)

Corps of Engineers.—Education of dependent children of military and civilian personnel at schools on projects under the Rivers and Harbors Act. (A) Combined report for several departments, etc.). Contracts placed with universities and universities.

research foundations for Army research and development. (A)

**Organization and Training Division.**—Training of military personnel in civilian institutions as an augmentation of training in service schools. (A)

2% A cut may be necessary, since funds in the en-

[illegible]



## NATIONAL MILITARY ESTABLISHMENT—Continued

[In thousands of dollars]

Subagency, activity, and purpose	Explanation and description	Obligated		Available	
		1940	1947	1948	1949
DEPARTMENT OF THE ARMY—continued					
<i>The Adjutant General's Office.</i> —Reserve Officers' Training Corps, to qualify students for positions of leadership in time of national emergency. (A)	Operated in selected secondary schools, colleges, and universities. Travel and other expenditures of military personnel on Reserve Officers' Training Corps duty, maintenance of buildings and procurement of military equipment, not included in figures. Air Force Reserve Officers' Training Corps is included in these figures (but will be separated after fiscal 1949). 1947: Average enrollment was 10,696 in advanced courses; 40,612 in basic courses; and 61,301 juniors, 333 senior units, and 115 junior units at 283 institutions. Also 13,005 students at 54 sect. 55c schools. On Reserve Officers' Training Corps duty were 1,100 officers and 1,622 enlisted men. Break-down is as follows: Pay, etc., of Reserve Officers' Training Corps students ----- \$7,392,777 Pay of civilian employees ----- 23,931 Supplies (procurement, transportation, etc.) ----- 7,427,867 Printing and binding ----- 5,508 Miscellaneous operating expense ----- 222,811 The above includes expenditures both at institutions and at summer training camps. 1947: 2,016 cadets taught. Overhead includes 1,280 civilians, 457 officers, 7 warrant officers, and 1,176 enlisted men. Break-down is as follows: Pay of cadets ----- \$1,572,000 Maintenance ----- 2,208,000 Maintenance of Stewart Field ----- 2,681,000 Operations ----- 2,682,000 This program, with formal agreement with Navy (including Marine Corps) and fiscal agreement with U. S. Coast Guard for utilization of services, is devoted to instruction in subjects taught in civilian academic and vocational institutions. 1947: 155,000 U. S. Armed Forces Institute enrollees both overseas and in zone of interior. 28,000 enrollees in zone of interior and 37,000 overseas in class instruction. Break-down is as follows:	4,568	15,073	22,025	21,175
<i>United States Military Academy.</i> —Training of cadets so that each graduate shall have attributes necessary to continued development throughout a lifetime career in the Regular Army. (A)	1947: 2,016 cadets taught. Overhead includes 1,280 civilians, 457 officers, 7 warrant officers, and 1,176 enlisted men. Break-down is as follows: Pay of cadets ----- \$1,572,000 Maintenance ----- 2,208,000 Maintenance of Stewart Field ----- 2,681,000 Operations ----- 2,682,000 This program, with formal agreement with Navy (including Marine Corps) and fiscal agreement with U. S. Coast Guard for utilization of services, is devoted to instruction in subjects taught in civilian academic and vocational institutions. 1947: 155,000 U. S. Armed Forces Institute enrollees both overseas and in zone of interior. 28,000 enrollees in zone of interior and 37,000 overseas in class instruction. Break-down is as follows:	3,349	7,144	7,657	7,575
<i>Special Staff.</i> —Troop Information and Education. Army education program, including U. S. Armed Forces Institute and class instruction, to raise the educational level of the military personnel. Includes self-study classes at posts and camps, and attendance at nearby civilian schools and colleges. In connection with the latter, Army pays 75 percent of tuition costs, student paying 25 percent plus incidental expenses and fees. <sup>a</sup> (A)	Item 1947 1948 1949 Supplies and materials ----- \$370,000 \$420,000 \$1,175,000 Personnel, zone of interior ----- 450,000 500,000 518,000 Instructors, Officers School ----- 1,708,000 547,000 997,000 Administrative and technical personnel, Officers' School ----- 300,000 450,000 601,000 Incidental expenses, textbooks U. S. Armed Forces Institute ----- 141,000 450,000 722,000 Printing and binding ----- 4,000 10,000 11,000		2,973	2,377	4,025

1948: Over 5,000 Army and Air Force personnel qualifying for high school completion each month. Over 220,000 actively participating in some phase of program in May 1948. 10,000 new enrollments each month. 1949: Increases over 1948 necessary to meet the demand for educational opportunities in the expanded Army.

1947: Approximately 80,000 resident students enrolled in 38 service schools; 24,433 students enrolled in extension courses from 16 service schools; approximately 3,230 officers and 9,780 enlisted men instructed or administered programs. Air Force personnel enrolled in Air Force Training Command schools not included. The 80,000 includes personnel from Regular Army, Organized Reserve Corps, National Guard, U. S. Air Force (except as indicated above), Navy, and foreign nationals.

Sumo do not indicate total cost of program as pay of foreign civilians employed by American military government staff in this program, certain incidental operating expenses, and certain items of service, supplies, and equipment used are obtained without dollar cost from the national economy of the areas concerned.

1947: Following are population statistics for liberated and occupied areas:  
 United States zone of Germany ----- 18,750,000  
 Austria ----- 1,750,000  
 Japan and Ryukyus ----- 77,700,000  
 Korea ----- 18,800,000

Agreements or contracts are made with local boards of education which assume pro rata share of costs.

1947: 350 children of Naval personnel or Navy civil-service employees provided education. Salaries for teachers, \$14,000; school supplies, \$2,000.

1948: Provision made for educating some 475 children.

1949: Provision made for educating some 885 children.

Agreements are made with State, county, or local schools for elementary and secondary facilities, largely on stations.

1940: Schools at 2 stations.

1947: Schools at 4 stations for an estimated 2,385 pupils living in naval housing (and 983 from surrounding area).

1940: Appropriation for "Schools for children of naval personnel at naval stations, Guam, Samoa, and Quantanamo Bay."

1947: 10 schools outside United States with 665 pupils, some schools being helped only during last quarter of fiscal 1947.

Schools are operated by Marine Corps.

1947: Schools operated at 3 posts, enrolling 980 pupils and with 56 teachers. Sum covers only pay of teachers and purchase of supplies.

1948, 1949: Between 1,100 and 1,200 pupils with 57 teachers.

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1948, 1949: Between 1,100 and 1,200 pupils with 57 teachers.

In-service training of Army personnel

Civil Affairs Division, SSUSA—Reduction and reorientation of peoples in liberated and occupied areas controlled by American military government. (B)

#### DEPARTMENT OF THE NAVY

Bureau of Aeronautics—Education of dependent children at isolated Naval Air activities. (A)

Bureau of Ordnance—Education of dependent children where schools would otherwise be unavailable. (A)

Bureau of Naval Personnel—Contribution to support of schools in localities where naval activities are located when these schools are inadequate for welfare of children of Navy personnel. (A)

U. S. Marine Corps—Post schools to provide elementary and secondary schooling to dependent children of Marine Corps personnel where no State-operated schools are located. (A).

\* Letter and enclosures of May 12, 1948, from Chief, Army Education Branch, T. I. and E. Division.

\*\* 1946 sum is merely that submitted as budget estimate.

## NATIONAL MILITARY ESTABLISHMENT—Continued

(In thousands of dollars)

Subagency, activity, and purpose	Explanation and description	Obligated		Available																																					
		1940	1947	1948	1949																																				
DEPARTMENT OF THE NAVY—continued																																									
(Combined report for several bureaus, etc.) Research and development. Obligations in universities (contract research). (A).	Includes basic and applied science studies (research) and closely associated applications to equipment, etc., (development) done through contracts with universities. Break-down is as follows (including research and development):  <table><tr><td><i>Bureau</i></td><td><i>1947, actual</i></td><td><i>1948, estimate</i></td><td><i>1949, estimate</i></td></tr><tr><td>Medicine and Surgery.....</td><td>\$147,935</td><td>454,000</td><td>224,000</td></tr><tr><td>Ships.....</td><td>6,344,000</td><td>1,350,000</td><td>550,000</td></tr><tr><td>Aeronautics.....</td><td>726,010</td><td>702,000</td><td>1,103,000</td></tr><tr><td>Yards and Docks.....</td><td>120,000</td><td>76,700</td><td>135,300</td></tr><tr><td>Ordnance.....</td><td>10,607,989</td><td>12,127,500</td><td>11,950,000</td></tr><tr><td>Office of Naval Research.....</td><td>17,010,644</td><td>10,932,357</td><td>14,339,829</td></tr><tr><td>Total, Research.....</td><td>18,449,149</td><td>12,493,607</td><td>14,966,129</td></tr><tr><td>Total, Development.....</td><td>16,507,429</td><td>13,148,950</td><td>13,345,000</td></tr></table>	<i>Bureau</i>	<i>1947, actual</i>	<i>1948, estimate</i>	<i>1949, estimate</i>	Medicine and Surgery.....	\$147,935	454,000	224,000	Ships.....	6,344,000	1,350,000	550,000	Aeronautics.....	726,010	702,000	1,103,000	Yards and Docks.....	120,000	76,700	135,300	Ordnance.....	10,607,989	12,127,500	11,950,000	Office of Naval Research.....	17,010,644	10,932,357	14,339,829	Total, Research.....	18,449,149	12,493,607	14,966,129	Total, Development.....	16,507,429	13,148,950	13,345,000	NA	34,957	E 25,643	E 28,311
<i>Bureau</i>	<i>1947, actual</i>	<i>1948, estimate</i>	<i>1949, estimate</i>																																						
Medicine and Surgery.....	\$147,935	454,000	224,000																																						
Ships.....	6,344,000	1,350,000	550,000																																						
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Office of Naval Research.....	17,010,644	10,932,357	14,339,829																																						
Total, Research.....	18,449,149	12,493,607	14,966,129																																						
Total, Development.....	16,507,429	13,148,950	13,345,000																																						
Office of Naval Research.—In-service program for naval scientific and engineering personnel through university-sponsored and accredited courses, primarily at graduate level, offered at Naval establishments. (A).	1940: Record not available, but amount very small. No Federal funds involved, as employees pay regular tuition fees. 1947: 1,487 personnel enrolled in 61 courses. 40 of these courses, enrolling 886, were sponsored by the University of Maryland. 21 courses, enrolling 391, were sponsored by the U. S. Department of Agriculture Graduate School.				0																																				
Office of Naval Research.—In-service course for naval scientific personnel in jet propulsion and allied areas. (A)	1948, 1949: Program has expanded. The University of Maryland offers this course under contract with the Navy. Graduate credit offered. Course 3 semesters in length. 1947: 123 naval personnel enrolled, from 9 naval agencies. 1948, 1949: 613 personnel enrolled, last will end in June of 1949. Funds previously appropriated covered these. No further classes will be organized. Under contract with Harvard University, which pays staff salaries and participates in administrative and overhead costs.		9	0	0																																				
Office of Naval Research.—Program to help assure naval and other governmental agencies of a supply of competent men as trained directors and operators of high digital computing devices. (A)	1947: 7 persons attended from Navy, 2 from Army, also a number from Harvard.		25	0	0																																				
Bureau of Medicine and Surgery.—In-service postgraduate instruction of Medical Department military personnel in civilian institutions, to aid in upholding professional standards of naval medical and dental care. (A)	1948: Project completed in 1948; no additional funds required. Formal contracts are made with various accredited teaching institutions and hospitals throughout the United States, based on established fees for services required. 1947: 325 naval personnel took 360 courses covering full range of postgraduate studies in specialties of medicine, surgery, dentistry, nursing, and hospital administration. 1948, 1949: Substantial increase in courses.	60	148	217	260																																				

**Bureau of Naval Personnel.**—Naval Reserve Officers' Training Corps, NACP, and 5-term college training program, to train officer candidates and to provide Academic background for transferred officers. (A)

**U. S. Marine Corps.**—In-service officers' postgraduate schooling at colleges and universities, to provide selected officers with advanced training in fields for which no adequate service schools are available. (A)

*Bureau of Naval Personnel*.—United States Naval Academy, for training of officer candidates. (A)

*Bureau of Naval Personnel.*—Educational services, including U. S. Armed Forces Institute, to provide academic educational opportunities to personnel (A)

**U. S. Marine Corps.**—Marine Corps Institute, to provide nonmilitary schooling in general educational subjects on a voluntary basis to men of the Regular Marine Corps. (A)

*U. S. Marine Corps.*—Educational services, through U. S. Armed Forces Institute, to provide technical schooling on general educational subjects on a voluntary basis. (A)

Contracts are made with participating colleges and universities on basis of current tuition rates of the institutions, by Bureau of Supplies and Accounts. Students, as recipients of subsidized education, are obligated to serve in Navy or Naval Reserve.

1947: Naval Reserve Officers' Training Corps—52 civilian colleges, 5,015 students. NACP—750 civilian colleges, 3,697 students. Five-Term Program—49 civilian colleges, 710 students.

Break-down is as follows:

<i>Item</i>	<i>1947</i>	<i>1948</i>	<i>1949</i>
NRTC students	\$5,172,000	\$5,600,000	\$6,978,000
NACP students	2,488,000	2,287,000	260,000
5-term students	394,000	474,200	400,000

**Moneys go to selected colleges and universities to meet cost of tuition for individual officers. Officers must agree to serve at least 3 years after graduation.**

ing.  
1948: 33 students.  
1949: 41 students anticipated.

1947: One institution, 2,608 students, 494 instructors, 3,152 support. Instructors include 185 civilians; support includes 1,725 civilians.

**Breakdown is as follows:**

Direct training and instruction.....	\$1,238,000
Operation.....	1,206,000
Housekeeping.....	460,000
Fire and police protection.....	308,000
Repair, alteration, and improvement.....	1,114,000
Administration.....	185,000
Care of ship models.....	2,000
	\$3,103,000

(Figures exclude military pay.)

Although Army, through U. S. Armed Forces Institute, is partially the spending agency, this sum does not appear in Army U. S. Armed Forces Institute account. This phase of program provided educational courses and materials not covered by U. S. Armed Forces Institute curriculum for entire Navy.

1947: Weekly information and educational material distributed to 1,400 ships and stations. 200,000 pamphlets distributed.

The Marine Corps is the operating agency.-----  
1947: Enrolled 31,443 with 9 officers and 126 enlisted men as instructors.

Breakdown is as follows:

Salaries-----	\$14,000
---------------	----------

Start 103	-----	φ14, 000
Text materials, etc.	-----	138, 000

ICAM materials, etc. ----- 158, 000

Although Army, through U. S. Armed Forces Institute, is the spending agency, this sum does not appear in Army U. S. Armed Forces Institute account.

1947: Approximately 8,000 men participated in this program.

全

7.638

8.054

8.341

1238

33

32

32

5.020

4.614

4.573

363

594

669

180

160

152

7

1

7

## NATIONAL MILITARY ESTABLISHMENT—Continued

[In thousands of dollars]

Subagency, activity, and purpose	Explanation and description	Obligated		Available																													
		1940	1947	1948	1949																												
DEPARTMENT OF THE NAVY—continued																																	
Office of Chief of Naval Operations.—Education of natives in areas under Navy administration; to provide training in teaching, medicine, dentistry, public health practices, nursing, agriculture, and mechanical trades, and also elementary and high school system in Trust Territory and on the Island of Guam, for the purpose of developing the capacity of natives for democratic self-government. (A)	<p>Recipient local governments bear the share of the expense of public education which is considered within their ability to support from local revenues. Sums indicated are for education from larger sums devoted to administration of island governments.</p> <p>1947:</p> <table><thead><tr><th></th><th>Schools</th><th>Teachers</th><th>Students</th></tr></thead><tbody><tr><td>Elementary schools.....</td><td>140</td><td>400</td><td>20,000</td></tr><tr><td>Secondary schools.....</td><td>1</td><td>30</td><td>1,050</td></tr><tr><td>Teacher training schools.....</td><td>6</td><td>1</td><td>430</td></tr><tr><td>Medical assistant training schools.....</td><td>1</td><td>1</td><td>61</td></tr><tr><td>Dental assistant training schools.....</td><td>1</td><td>1</td><td>15</td></tr><tr><td>Nursing training schools.....</td><td>1</td><td>1</td><td>77</td></tr></tbody></table>		Schools	Teachers	Students	Elementary schools.....	140	400	20,000	Secondary schools.....	1	30	1,050	Teacher training schools.....	6	1	430	Medical assistant training schools.....	1	1	61	Dental assistant training schools.....	1	1	15	Nursing training schools.....	1	1	77	NA	NA	537	400
	Schools	Teachers	Students																														
Elementary schools.....	140	400	20,000																														
Secondary schools.....	1	30	1,050																														
Teacher training schools.....	6	1	430																														
Medical assistant training schools.....	1	1	61																														
Dental assistant training schools.....	1	1	15																														
Nursing training schools.....	1	1	77																														
Bureau of Naval Personnel.—Postgraduate School, to provide advanced education in technical and professional subjects. (A) and (B)	<p>Funds allocated on basis of tuition rates of various civilian institutions participating in the program and amount agreed by contract and costs of operation of the United States Naval Postgraduate School.</p> <p>1947: 28 institutions, 1,569 students, 184 instructors, and 158 support. Institutions include 24 civilian colleges; students include 557 at General Lingo School, 482 at civilian colleges, and 92 from other services; instructors include 117 civilians; operating forces include 48 civilians.</p> <p>Break-down is as follows:</p> <table><tbody><tr><td>Contractors (tuition).....</td><td>\$293,000</td></tr><tr><td>Personal services.....</td><td>410,000</td></tr><tr><td>Supplies, etc.....</td><td>71,000</td></tr></tbody></table> <p>In naval shipyards a variety of instructional courses are sponsored from time to time, generally in cooperation with local colleges or universities and during nonworking hours. No Federal funds involved as in most instances tuition is paid by participants, Navy furnishing facilities only.</p> <p>Training funds are not identifiable from operations</p> <p>1947: 7 Medical Department schools enrolled 1,041 students; 8 naval hospitals enrolled 68 internes and 156 residents.</p>	Contractors (tuition).....	\$293,000	Personal services.....	410,000	Supplies, etc.....	71,000	218	774	829	937																						
Contractors (tuition).....	\$293,000																																
Personal services.....	410,000																																
Supplies, etc.....	71,000																																
Bureau of Ships.—In-service informal field training to improve the effectiveness of scientific and technical employees on their assigned work and to encourage professional advancement. (A) and (B).		NA	NA	NA	NA																												
Bureau of Medicine and Surgery.—In-service instruction of Medical Department military personnel in naval hospitals and Medical Department schools to aid in upholding professional standards of naval medical and dental care. (B)		NA	NA	NA	NA																												
Bureau of Aeronautics.—In-service technical training in aircraft operation and maintenance. (B)		NA	NA	NA	NA																												

**Bureau of Naval Personnel.**—In-service training in special Navy schools for professional training in special subjects. (B)

**Bureau of Naval Personnel.**—In-service training in enlisted, functional, and fleet schools, for elementary, technical, and team training for officers and enlisted and recruit training. (B)

**Bureau of Naval Personnel.**—In-service naval air technical training schools, to give aviation technical training to naval personnel, both officer and enlisted. (B)

**Bureau of Naval Personnel.**—In-service command and staff colleges, to train officers for high command and staff duties. (B)

**Bureau of Ships.**—In-service departmental training for indoctrination training for clerical and technical employees, supervisory training, and special training peculiar to the needs of the Bureau, such as specification writing, correspondence techniques, etc. (B)

**Office of Industrial Relations.**—Work Improvement Program for In-service naval civilian personnel, to raise operating efficiency through adequate development of employees. (B)

**Office of Naval Research.**—In-service Naval Research Laboratory scientific training program given under "University study program for Navy Scientific and engineering personnel in the Washington area." (B)

**U. S. Marine Corps.**—In-service military schools, to provide basic, technical, and specialist training for officers and men of the Marine Corps as required to fill jobs. (B)

1947: 17 naval schools, 3,334 students (including 278 from other services), 111 instructors, 309 support. Funds not identifiable as training merges with operations.

1947: 69 naval schools, 131,688 students (including 1,442 from other services), 1,988 instructors, 1,258 support. Funds not identifiable as training merges with operations.

1947: 34 naval schools, 19,201 students, 1,977 instructors, 3,774 support. Instructors include 102 civilians. Funds not identifiable as training merges with operations.

1947: 4 naval colleges, 448 students, 76 instructors, 217 support. Included Naval War College and 3 joint colleges. Students included 282 from other services. Funds not identifiable as training merges with operations.

1947: Funds not identifiable. Sum of enrollments in each course 1,602,---

1947: In July 1947, the following were in training in field activities: 13,314 supervisors, at all naval field activities employing more than 300 civilians. 237 instructors, at 19 naval field activities. 4,438 apprentices, at 28 naval field activities in 35 metal and wood-working trades.

1947: 3,999 on-the-job trainees, at 41 naval field activities.

1947: Approximately 700 employees. Break-down is as follows:

Apprentices-----\$22,000

Artisan-----2,000

Clerical-----2,000

Indoctrination-----2,000

Shop supervision-----3,000

Funds not identifiable as training and operations merge. 1947:

	Students	Instructors	Overhead
Recruit training-----	36,181	216	men
Enlisted training-----	3,086	77	1,183
Officer training-----	469	62	718
			1,311

THE PANAMA CANAL  
[In thousands of dollars]

Subagency, activity, and purpose	Explanation and description	Obligated			Available	
		1940	1947	1948	1948	1949
<i>Executive Department, Schools Division. Operation of schools. (A)</i>	Schools, under jurisdiction of Governor of Panama Canal Zone, are free to children of Federal employees, etc., but nonemployee aliens pay tuition. 1947: Enrollment was as follows: Day: White college..... 209 Colored normal..... 80 White, grades 1-12..... 3,824 Colored, grades 1-12..... 2,872 Night school: White..... 325 Colored..... 117 Total..... 7,427 Tuition receipts, \$100,535. 1948, 1949: Sums include about \$90,000 from tuition, etc., for each year.	483	1,073	1,136	1,327	

RAILROAD RETIREMENT BOARD

In-service training of Board employees for processing activities under its jurisdiction. (B)	1947: 668 Board employees trained. Break-down is as follows: Railroad retirement program..... \$35,000 Railroad unemployment insurance program..... 59,000	NA	94	44	46
--	--	----	----	----	----

SMITHSONIAN INSTITUTION

Cooperation with American Republics program, for instruction and research in anthropology, primarily through Institute of Social Anthropology. (A) and (B). <i>National Gallery of Art.</i> —Cooperation with American Republics program, for education through art exhibitions in American Republics. (B)	Funds transferred from Department of State. 1947: 8 teachers stationed in 4 Latin-American universities taught a total of 150 students. 15 students given graduate field training. 3 monographs and large 2-volume Handbook of South American Indians published. Foreign sources contributed an added \$6,000 to program. Funds transferred from Department of State. 1947: 7 exhibitions circulated in Latin-American republics. 1948: Program in process of liquidation.		140	94	114
			22	6	

# DEPARTMENT OF STATE

<i>Division of Libraries and Institutes.</i> —Assistance to American schools in Latin-American countries, through contract with the American Council on Education. (A)		NA	209	171	171											
<i>Foreign Service Institute.</i> —Assignment of Foreign Service officers to selected universities for special training in economics, language, and area studies. (A)		0	17	71	71											
<i>International Exchange of Persons.</i> —Cooperation with American Republics program for interchange of students between the United States and other American Republics, and contracts to facilitate program. (A)	<p>Funds from "Cooperation with American Republics" allotted to this program, cover travel and maintenance to United States students, travel to students of other American Republics, contracts with nonprofit institutions and universities in the United States.</p> <p>1947: Break-down is as follows:</p> <ul style="list-style-type: none"><li>Grants to United States students..... \$25,000</li><li>Grants to foreign students and trainees..... 124,000</li><li>Contracts with Institute of International Education:<ul style="list-style-type: none"><li>(a) Maintenance, study, guidance, etc., of foreign students. 220,667</li><li>(b) Administration of Fulbright program of foreign students. 46,136</li></ul></li><li>Contracts with National Education Association for English teaching and orientation for foreign students..... 21,000</li><li>Contracts with 5 colleges or universities..... 12,500</li><li>84 students, 50 trainees.</li></ul> <p>Funds from "Cooperation with American Republics" allotted to this program, United States professors assigned to foreign universities and foreign professors assigned to United States universities, with program paying travel expenses and compensation.</p> <p>1947: 42 professors exchanged and 1 contract with Texas State College for operation of an English center at Saltillo.</p> <p>The Fulbright program is a new approach, using United States surplus property credits in foreign countries for exchange of persons from and to those countries. Persons from foreign countries attend higher institutions in the United States.</p> <p>Break-down is as follows:</p> <table><tr><td><i>Item</i></td><td><i>1948</i></td><td><i>1949</i></td></tr><tr><td>Grants to National Academy of Science.....</td><td>-----</td><td>\$51,000</td></tr><tr><td>Institute of International Education.....</td><td>-----</td><td>70,000</td></tr><tr><td>Administration (personal services).....</td><td>\$19,000</td><td>110,000</td></tr></table> <p>Sums are estimates of administrative costs.</p>	<i>Item</i>	<i>1948</i>	<i>1949</i>	Grants to National Academy of Science.....	-----	\$51,000	Institute of International Education.....	-----	70,000	Administration (personal services).....	\$19,000	110,000	449	(20)	(20)
<i>Item</i>	<i>1948</i>	<i>1949</i>														
Grants to National Academy of Science.....	-----	\$51,000														
Institute of International Education.....	-----	70,000														
Administration (personal services).....	\$19,000	110,000														
<i>International Exchange of Persons.</i> —Cooperation with American Republics program, for interchange of professors between United States and other American Republics. (A)		-----	149	30 195	30 195											
<i>International Exchange of Persons.</i> —Fulbright program, including administration, grant to National Academy of Sciences for screening of applicants, and Institute of International Education. (A)		-----	-----	19	231											
<i>International Exchange of Persons.</i> —Administration of Cooperation with American Republics programs for interchange of students, professors, and nongovernment specialists and distinguished leaders. (A)		-----	E 189	E 37	E 38											

20 1948, 1949: See Federal Security Agency, Office of Education, to which program was transferred beginning fiscal year 1948.  
 20 1948, 1949: Also includes interchange of specialists and leaders.



DEPARTMENT OF STATE—Continued  
[In thousand of dollars]

Subagency, activity, and purpose	Explanation and description	Obligated		Available	
		1940	1947	1948	1949
<i>Foreign Service Institute</i> .—Conducts of in-service training programs in foreign posts and Foreign Service Institute. (B)	1947: 952 students received from 1 week to 5 months tutorial language in Foreign Service Institute. 27 Foreign Service officers received from 3 to 12 months' training in field installations. 1948, 1949: New language programs opened in foreign posts. Course offerings at Foreign Service Institute expanded to meet increased foreign service training requirements. Interchanges are made to and from other American Republics. For grants to individuals, paying travel expenses, and in some cases compensation and living allowances. 1947: 69 specialists were exchanged.	0	169	190	228
<i>International Exchange of Persons</i> .—Cooperation with American Republics program, for interchange of nongovernment specialists and distinguished leaders between the United States and other American Republics. (B) <i>UNESCO Relations Staff</i> .—Salaries and other expenses of this staff in Department of State, for promotion of collaboration among nations through education, science and culture. (B) <i>UNESCO</i> .—United States contribution to United Nations for UNESCO, for promotion of collaboration among nations through education, science, and culture. (B) <i>Division of Libraries and Institutes</i> .—Assistance to United States cultural centers (foreign bi-national cultural societies), to contribute toward better mutual understanding among peoples. (B)			114	(a)	(a)
<i>Division of Libraries and Institutes</i> .—Providing abroad of information and materials on education in the United States. (B) Cooperation with American Republics program, to facilitate and encourage the international exchange of students. (B)	These sums are estimated only, as UNESCO support comes from United Nations and its budget is by calendar year. 1948, 1949: Sums include United States contributions to UNESCO Revolving Fund, of \$440,000 and \$410,000, respectively. 1947: Assistance given to 27 cultural centers, 20 branches thereof, and 2 English-teaching programs. 37,905 adult students of English. Cultural programs to 144,000 persons. American publications circulated to 160,752 persons. 69 United States teachers and administrators on grant and 300 other local employees on staffs of centers. 56 percent of cost financed locally abroad. 1947: 900,000 free items furnished and 600 special educational materials projects completed serving some 300 educational reference collections at American Foreign Service posts. An added 540 foreign inquiries regarding American education answered by information and materials. Funds transferred from Department of State and used to pay travel and subsistence while in training. 1947: 6 foreign students, 3 of whom were in transit to United States at close of fiscal year, were given training in the Tariff Commission.		313	312	347
			E 1, 530	E 3, 500	E 3, 636
		0	630	476	462
		0	10	16	10
			8	0	7

TENNESSEE VALLEY AUTHORITY

<p>NOTE.—Due to change in accounting system, 1940 obligations not readily available, but all programs were substantially the same as in 1947, although possibly 25 percent to 30 percent below obligations for 1947. No significant change in activities between 1947, 1948, and 1949, except that sums available for 1948 and 1949 estimated to be somewhat below 1947.<sup>31</sup></p> <p><i>Dam and reservoir construction.</i>—To provide supplemental educational facilities at construction camps and employee villages where local facilities are unavailable or inadequate; to provide extension services for agricultural readjustment of families being relocated due to construction of Tennessee Valley Authority dams. (A)</p> <p><i>Agricultural Resource Development.</i>—For practical farm test-demonstrations and preliminary soil and fertilizer investigations, soil surveys; for research on fertilizer distribution methods; for development and demonstration of farm equipment; for development of food processing methods. (A)</p>	<p>1947: Break-down is as follows: Educational expenses at villages and camps.....\$84,005 Agricultural readjustment.....12,963</p>	<p>NA</p>	<p>97</p>	<p>NA</p>	<p>NA</p>
<p><i>Forest resource development.</i>—For joint conduct of farm forestry projects and research on methods of wood utilization. (A)</p> <p><i>Mineral resource development.</i>—For field surveys of Valley minerals; testing and appraisal of mineral samples. (A)</p> <p><i>Stream sanitation and public health.</i>—For stream sanitation investigations and cooperative laboratory research in industrial hygiene and malaria. (A)</p> <p>Special studies and activities concerning administration of natural resources, local governmental problems, industrial economic problems, and a survey of library resources of the Valley. (A)</p> <p><i>Educational Relationships.</i>—To assist various Tennessee Valley Authority divisions in maintaining relations with educational agencies and in providing, upon request, technical data and research results. (A)</p> <p><i>Employees Training.</i>—Provides coordination and guidance to in-service training activities, including apprentice programs and orientation of new clerical employees. (B)</p>	<p>Payments are made to college extension services and experiment stations which supervise program.</p> <p>1947: Break-down is as follows: Fertilizer distribution and relations with rural organizations.....\$16,142 Test-demonstration supervision.....636,042 Soil and fertilizer investigations.....126,101 Soil inventory and mapping.....82,608 Development and demonstration of farm equipment.....23,089 Development of processes and markets for agricultural products.....16,142</p> <p>Payments are made to State educational institutions.</p> <p>1947: Break-down is as follows: Assistance in forest management and reforestation.....\$12,776 Development of processes and markets for forest products.....4,157 Payments to Valley State educational institutions.....</p> <p>Payments to Valley State educational institutions.....</p> <p>1947: Break-down is as follows: Stream sanitation investigations.....\$2,805 Public health studies and assistance.....20,533</p> <p>Payments to Valley State educational institutions.....</p> <p>1947: Break-down is as follows: Transportation and industrial economic studies.....\$5,398 Advisory assistance to State and local governments.....6,023 Studies of resource development methods and opportunities.....12,500 Small central staff and 4 area education officers conduct program.....</p>	<p>NA</p>	<p>17</p>	<p>NA</p>	<p>NA</p>
<p><i>Stream sanitation and public health.</i>—For stream sanitation investigations and cooperative laboratory research in industrial hygiene and malaria. (A)</p> <p>Special studies and activities concerning administration of natural resources, local governmental problems, industrial economic problems, and a survey of library resources of the Valley. (A)</p> <p><i>Educational Relationships.</i>—To assist various Tennessee Valley Authority divisions in maintaining relations with educational agencies and in providing, upon request, technical data and research results. (A)</p> <p><i>Employees Training.</i>—Provides coordination and guidance to in-service training activities, including apprentice programs and orientation of new clerical employees. (B)</p>	<p>Payments to Valley State educational institutions.....</p> <p>1947: Break-down is as follows: Stream sanitation investigations.....\$2,805 Public health studies and assistance.....20,533</p> <p>Payments to Valley State educational institutions.....</p> <p>1947: Break-down is as follows: Transportation and industrial economic studies.....\$5,398 Advisory assistance to State and local governments.....6,023 Studies of resource development methods and opportunities.....12,500 Small central staff and 4 area education officers conduct program.....</p>	<p>NA</p>	<p>23</p>	<p>NA</p>	<p>NA</p>
<p><i>Stream sanitation and public health.</i>—For stream sanitation investigations and cooperative laboratory research in industrial hygiene and malaria. (A)</p> <p>Special studies and activities concerning administration of natural resources, local governmental problems, industrial economic problems, and a survey of library resources of the Valley. (A)</p> <p><i>Educational Relationships.</i>—To assist various Tennessee Valley Authority divisions in maintaining relations with educational agencies and in providing, upon request, technical data and research results. (A)</p> <p><i>Employees Training.</i>—Provides coordination and guidance to in-service training activities, including apprentice programs and orientation of new clerical employees. (B)</p>	<p>Payments to Valley State educational institutions.....</p> <p>1947: Break-down is as follows: Stream sanitation investigations.....\$2,805 Public health studies and assistance.....20,533</p> <p>Payments to Valley State educational institutions.....</p> <p>1947: Break-down is as follows: Transportation and industrial economic studies.....\$5,398 Advisory assistance to State and local governments.....6,023 Studies of resource development methods and opportunities.....12,500 Small central staff and 4 area education officers conduct program.....</p>	<p>NA</p>	<p>24</p>	<p>NA</p>	<p>NA</p>
		<p>NA</p>	<p>82</p>	<p>NA</p>	<p>NA</p>
		<p>NA</p>	<p>61</p>	<p>NA</p>	<p>NA</p>

<sup>31</sup> 1948, 1949: Sums are included in interchange of professors activity above.

<sup>32</sup> Letter of June 14, 1948, from chief budget office, Tennessee Valley Authority.

## DEPARTMENT OF THE TREASURY

(In thousands of dollars)

Subagency, activity, and purpose	Explanation and description	Obligated		Available	
		1940	1947	1948	1949
<i>U. S. Savings Bonds Division.</i> —School Savings program, to encourage the regular purchase of savings bonds and stamps at schools, by teaching thrift, domestic budgeting, and general good money management. (A)	Program attempts to weave the idea of thrift, with the end purpose of selling savings bonds and stamps, into school courses in arithmetic, mathematics, home economics, civics, etc. Stress responsibility of citizenship and proper management of national debt. 1947: 996,100 copies of teacher handbooks, student workbooks, song sheets, etc., distributed. In addition: School Savings Journal (16 pp.) issued to 165,434 schools semiannually; Copy Desk release to 530 educational magazines 5 times a year; and High-School Clip-sheet release to 10,000 high school papers 6 times a year. Sums include pay and allowances of cadets. 1947: An average of 275 cadets in training. Break-down is as follows for years indicated: Cadet pay and allowances..... 1947 1948 1949 Instruction..... \$314,200 \$443,900 \$522,100 Maintenance..... 294,000 918,000 938,000 1947: 17 officers trained at civilian institutions and 26 at service schools. Sums are for tuition and reimbursement to Navy. 1947: Received correspondence courses..... 4,315 Received recruit training..... 2,563 Received advanced training..... 2,588 1947: 27 officers detailed to a year of training at Navy air training facilities 1947: 410 trained in criminal and enforcement law; 1,713 in marksmanship Classes and correspondence courses available to all employees, departmental and field, within the Bureau. 1947: Classes of 60 days' duration attended by 343 employees. 27,614 average monthly enrollment in correspondence courses, for which 377,142 papers were graded. 40 employees in Training Division. In addition, \$6,200 is included for training by Alcohol Tax Unit which conducted 13 classes in the field for 90 employees. 1948, 1949: Alcohol Tax Unit had no funds for this purpose. 1947: 152 persons trained and an added 832 trained in use of firearms.....	NA	200	226	251
<i>U. S. Coast Guard.</i> —Coast Guard Academy, New London, Conn., for cadet training. (A)		606	1,230	1,559	1,666
<i>U. S. Coast Guard.</i> —Graduate study for officers in postgraduate and graduate civilian universities and Navy schools. (A) and (B) <i>U. S. Coast Guard.</i> —Training Station, Groton, Conn. Correspondence courses for enlisted men (including material from U. S. Armed Forces Institute). Also some recruit and advanced training of enlisted men included. (A) and (B) <i>U. S. Coast Guard.</i> —In-service aviation training for Coast Guard officers. (B) <i>Co-ordinator of Enforcement Agencies.</i> —In-service training of employees in criminal and enforcement law and marksmanship. (B) <i>Bureau of Internal Revenue.</i> —In-service training of employees in income tax law, tax administration, and related fields. (B)		8	18	20	32
		NA	23	50	71
		185	69	84	168
		13	17	17	17
		84	183	174	174
<i>Bureau of Customs.</i> —In-service training of customs inspectors and port patrol officers. Operated only by New York field office. (B)		8	11	11	11

# VETERANS ADMINISTRATION

	NA	1,340	3,000	3,613
<p><i>Department of Medicine and Surgery.</i>—Formal classes, lectures, seminars, and research projects to provide a residency training program in Veterans' Administration hospitals, to increase professional knowledge or technical training of other medical and hospital personnel for the improvement of medical care of veterans. Operated through universities, colleges, and private institutions. (A)</p>				
<p><i>Office of Assistant Administrator for Vocational Rehabilitation and Education.</i>—Education and training benefits provided under Servicemen's Readjustment Act (Public Law 346 and amendments), to aid returning World War II veterans in their readjustment to civilian life. (A)</p>				
<p><i>Office of Assistant Administrator for Vocational Rehabilitation and Education.</i>—Vocational rehabilitation benefits for disabled veterans (Public Law 16 and amendments) for vocational rehabilitation of World War II veterans with service-connected disabilities rated 10 percent or more. (A)</p>				
<p>Allocations of funds determined by nature and number of research projects contracted for and persons for whom tuition is to be paid at amount agreed upon by contract between agency and the contracting institution. 1947: Break-down is as follows:</p> <p>Education.....\$122,000</p> <p>Research.....1,188,000</p> <p>750 employees enrolled in regular college courses; 9 research projects at 9 universities and private institutions.</p> <p>1948, 1949: Statistics are as follows:</p> <p><i>Item</i> <i>1948</i> <i>1949</i></p> <p>Employees enrolled in college courses.....1,905 4,530</p> <p>Number of research projects by contract.....18 29</p> <p>Funds available for education.....\$1,400,000 \$2,200,000</p> <p>Funds available for research.....1,600,000 1,413,000</p> <p>1947: Average number of veterans enrolled in schools of higher learning, 815,707; in other schools, 400,734; on-farm training, 95,000 (estimated); on-the-job training, 560,988; total, 1,878,429. Probably above 20 percent of total veterans enrollment in all courses are in below-college level profit schools. Break-down is as follows:</p> <p>Subsistence allowances.....\$1,550,955,000</p> <p>Tuition and fees.....496,245,000</p> <p>Supplies.....10,913,000</p> <p>Equipment.....60,686,000</p> <p>Subsistence paid directly to veterans; remainder to educational institutions.</p> <p>1948, 1949: Sums do not constitute limits on expenditures required by law. On April 30, 1948, there were a total of 2,450,925 veterans in training. Revised <i>unofficial</i> estimates in June 1948 indicate expenditures for 1948 as a little less and for 1949 somewhat more than sums indicated.</p> <p>1947: Average number of veterans enrolled in schools of higher learning, 60,944; in other schools, 26,241; on-farm training, 8,150; on-the-job training, 79,130; total, 174,465. Break-down is as follows:</p> <p>Subsistence allowances.....\$190,942,000</p> <p>Tuition and fees.....24,359,000</p> <p>Supplies.....767,000</p> <p>Equipment.....4,852,000</p> <p>Subsistence paid directly to veteran; remainder to educational institutions.</p> <p>1948, 1949: Sums do not constitute limits on expenditures required by law. On April 30, 1948, there were a total of 252,386 veterans in training, of which 40,694 were classified as seriously handicapped. Revised <i>unofficial</i> estimates in June 1948 indicate expenditures for both 1948 and 1949 slightly under sums indicated.</p>	NA	1,340	3,000	3,613
		2,118,819	2,610,854	2,059,880
		220,920	329,455	297,098

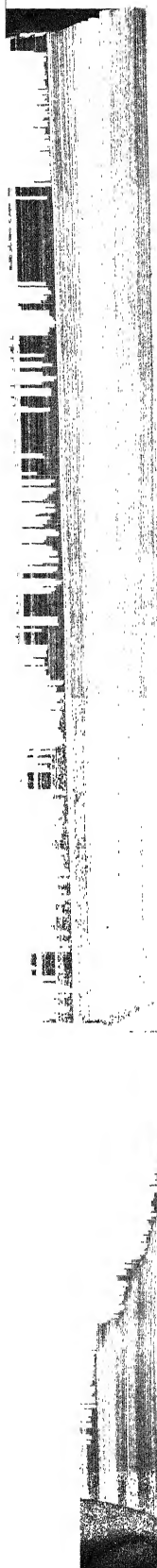
VETERANS ADMINISTRATION—Continued  
[In thousands of dollars]

Subagency, activity, and purpose	Explanation and description	Obligated		Available	
		1940	1947	1948	1949
<i>Office of Assistant Administrator for Vocational Rehabilitation and Education.</i> —Administration of programs of Public Law 340 and Public Law 16. (A)	1947: In addition to statistics re these programs presented above, 331,243 cases were counseled under Public Law 16 and 269,793 under Public Law 340; total counseled, 601,036. Break-down is as follows (this does not include pro rata share of operating overhead and servicing departments within the Veterans' Administration): Personal services.....\$87,832,000 Employee travel.....2,108,000 Beneficiary travel.....681,000 Counseling (Public Law 16).....4,466,000 Counseling (Public Law 340).....4,316,000 10 percent book handling service charge.....6,484,000 Reimbursement to States (on-the-job training).....2,895,000 Similar to other program of this department above, except: 1947: Break-down is as follows: Education.....\$82,000 Research.....229,000 4,641 employees provided training in Veterans' Administration facilities; 5 research projects at 5 field stations. 1948, 1949: Statistics are as follows:  <i>Item</i> Number special lectures for hospital staff.....1948 1949 Number visits by teaching consultants.....6,000 12,000 Number research projects in Veterans' Administration hospitals.....12,000 13,120 Funds available for education.....15 34 Funds available for research.....\$900,000 \$1,800,000 Funds available for research.....\$900,000 \$2,587,000	NA	311	97,465	77,510
<i>Department of Medicine and Surgery.</i> —Similar to other program of this department above, except operated through Veterans' Administration. (B)		NA	311	1,800	4,387

WAR ASSETS ADMINISTRATION

Discount sales and donations of surplus property to educational institutions, to make available to them at nominal cost facilities, equipment, and materials which are surplus to the needs of the Federal Government. (A)	Advice obtained from United States Office of Education on suitability of property for educational use. Surpluses of types desired rapidly disappearing. High transportation costs are discouraging participation by schools. Total costs concerning WAA activities in education not available because they merge with general operations. 1949: Program liquidated during year.	NA	NA	NA
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# Reorganization of Federal Medical Activities

*A report to the Congress by the Commission on  
Organization of the Executive Branch of  
the Government, March 1949*

-2 APR 1957



The Commission on Organization of The  
Executive Branch of the Government

HERBERT HOOVER, *Chairman*

DEAN ACHESON, *Vice Chairman*

ARTHUR S. FLEMMING

JAMES FORRESTAL

GEORGE H. MEAD

GEORGE D. AIKEN

JOSEPH P. KENNEDY

JOHN L. MCCLELLAN

JAMES K. POLLOCK

CLARENCE J. BROWN

CARTER MANASCO

JAMES H. ROWE, JR.

## Letter of Transmittal

WASHINGTON, D. C.,

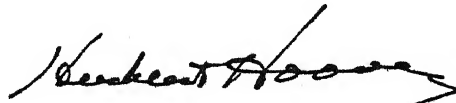
16 March 1949.

DEAR SIRs: In accordance with Public Law 162, Eightieth Congress, approved July 7, 1947, the Commission on Organization of the Executive Branch of the Government submits herewith its report on Medical Activities, and, separately, as Appendix O, the task force report on Organization of Federal Medical Services, and a supplemental task force report on an independent medical agency.

The Commission wishes to express its appreciation for the work of its task force and for the cooperation of officials of departments and agencies concerned with this report.

Commissioner James Forrestal, in view of his position as Secretary of Defense, abstained from the consideration and preparation of this report, and he reserves judgment on its subject matter until such time as studies, initiated by him in the National Military Establishment, are completed and available for his consideration.

Respectfully,

A handwritten signature in dark ink, appearing to read "Herbert Hoover", with a long, sweeping horizontal stroke extending to the right.

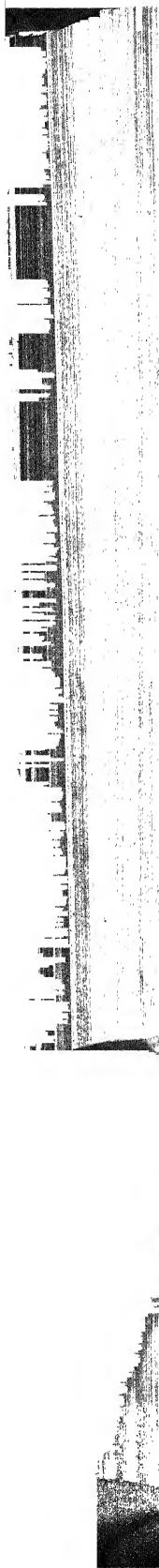
Chairman.

*The Honorable*

*The President of the Senate*

*The Honorable*

*The Speaker of the House of Representatives*



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## I. Reorganization of Federal Medical Activities<sup>1</sup>

The immediate purpose of the Commission, in recommending reorganization of Federal medical activities, is to unite the functions now in five major agencies so as to eliminate overlap, waste, and inefficiency. The proposed form of organization is a unification in which each of the major agencies will have an advisory voice in management.

However, the much wider and critically necessary objectives are:

*First:* To provide better medical care for the beneficiaries of the Federal Government's medical programs.

*Second:* To create a better foundation for training and medical service in the Federal agencies.

*Third:* To reduce the drain of doctors away from private practice. The country is now dreadfully short of doctors.

*Fourth:* To provide better organization for medical research.

*Fifth:* To promote a better state of medical preparedness for war.

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<sup>1</sup> **RESERVATION:** Commissioner James Forrestal, in view of his position as Secretary of Defense, abstained from the consideration and preparation of this report, and he reserves judgment on its subject matter until such time as studies, initiated by him in the National Military Establishment, are completed and available for his consideration.

### *Recommendation No. 1*

To accomplish these purposes, the Commission recommends the establishment of a United Medical Administration into which would be consolidated most of the large-scale activities of the Federal Government in the fields of medical care, medical research, and public health (in which we include preventive medicine).<sup>2</sup>

It should be said at once that, under this plan, the military medical services would remain intact, except for hospitalization within the United States. Each of the three services would retain one major teaching and research center (such as the Naval Medical Center at Bethesda, Md., and the Walter Reed General Hospital, Washington, D. C.). The professional personnel of the services may be assigned to the new Administration for duty, research, and training. The proposed United Medical Administration would provide the major part of all hospital care required by the military forces in the continental United States.

The Veterans' Administration would continue to certify patients for treatment and would determine disability, ratings, etc., but the United Medical Administration would look after veterans' medical care.

The recommendation of our task force that medical supply be centralized in a single agency, preferably in one of the

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<sup>2</sup> **DISSENT:** Vice Chairman Acheson, Commissioners Aiken and Rowe dissent from establishing a new agency in a statement given on p. 41.

<sup>2</sup> **DISSENT:** Commissioner Brown dissents from this recommendation in part, and Commissioner McClellan concurs in general with this dissent, in statements given on pp. 37 and 40.

Armed Forces or in the United Medical Administration, merits favorable consideration.

In reaching the conclusion that medical services should be unified, the Commission had the aid of extensive surveys by its distinguished task forces on Medical Services and on the National Security Organization. The recommendations set forth in our report are generally in accord with those submitted by these two task forces.

The task force on Medical Services was instructed to base its original report on the premise that "the Commission will recommend a Cabinet Department embracing health, education, and security." However, in view of the size of the medical operations of the Federal Government and the extreme dissimilarities among the activities which would have composed such a department, the task force was later requested to consider the advisability of placing medical service functions in a single agency. Its supplementary report favors very strongly a separate United Medical Administration. This supplement, with the task force's main report (Appendix O) is being transmitted separately, along with this Commission report.

### Medical Obligations of Government

The Federal Government is attempting to give varying degrees of direct medical care to 24,000,000 beneficiaries—about one-sixth of the Nation. Veterans estimated to number over 18,500,000 constitute the bulk of this large segment of our



population. Present and future personnel of the Military Establishment will increase this number as they become eligible for veterans' benefits upon discharge from service.

At one extreme of those receiving medical care are members of the armed forces, their dependents, merchant seamen, and other lesser groups totaling upwards of 3,000,000 persons. They are eligible for almost complete medical care.<sup>3</sup> At the other extreme are about 2,000,000 employees of the Federal Government. They are eligible for medical care only for industrial accidents and outpatient service of the industrial hygiene type.

Over 40 Government agencies render Federal medical service. In this fiscal year they plan to spend nearly \$2 billion, about 10 times the amount spent in 1940. Last fiscal year's expenditures were about one and a quarter billion dollars. Most of this money (61 percent) was spent by the Veterans' Administration. The armed forces expended more than half of the remainder and the balance represented costs in the Federal Security Agency, the Department of Agriculture, the Atomic Energy Commission, the Department of the Interior, the Department of Justice, and many other agencies. (See chart.)

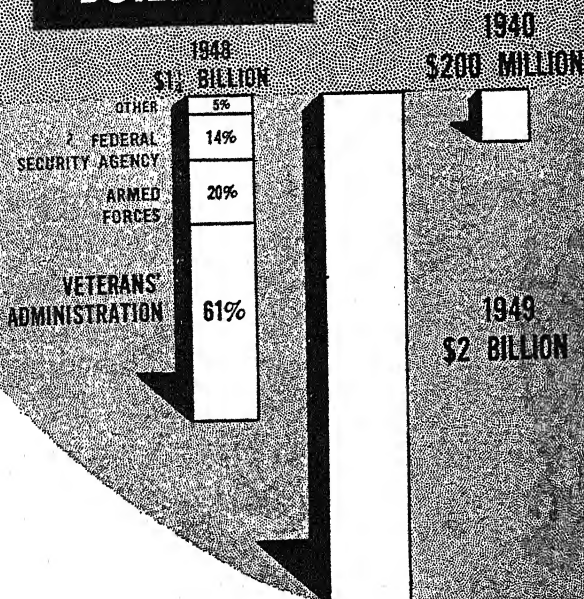
Over 85 percent of the total expenditures during the last fiscal year was for direct medical care. The rest went for public health, research activities, training, and administration. Expenditures for research were less than 4 percent of the total.

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<sup>3</sup> Dependents of members of the armed forces receive full medical care only under certain circumstances.

# FEDERAL MEDICAL EXPENDITURES

## SERVICE and BUILDING



### PROPOSED HOSPITAL CONSTRUCTION TOTAL: \$1½ BILLION

HILL-BURTON PROGRAM

VARIOUS AGENCIES

VETERANS' ADMINISTRATION

\$225 MILLION

\$200 MILLION

\$820 MILLION

Almost one-half of the estimated cost of the Veterans' Administration medical program for this fiscal year will be for construction of hospitals. Its hospital building program, until recently, contemplated a total expenditure of \$1.1 billion. Projects for the construction of new hospitals by other agencies total another \$200,000,000. At the same time, the Government is planning to spend \$225,000,000 over the next 3 years to aid non-Federal hospital construction under the Hill-Burton Act. Thus the plans for hospital construction totaled around \$1.5 billion.

However, after our task force's report was made public, the President altered the Veterans' Administration construction program by cancelling authorizations for 24 hospitals with an aggregate capacity of 11,000 beds, and reduced the size of 14 additional hospitals by an aggregate of about 5,000 beds. The Veterans' Administration estimates that this action will result in a saving of \$280,000,000 in construction costs alone, thus reducing its projected \$1.1 billion program by that amount. This will be done without reducing the quality and extent of medical service to the veterans.

## II. Deficiencies in Present Conduct of Medical Activities

### 1. General

More than half of the departments and agencies of the Federal Government conduct medical or health activities. These agencies compete for doctors and other technical personnel, and for funds. There is no central supervision of their activities; and they operate under diverse policies with respect to quality of treatment, types of beneficiaries served, types of research, and areas of authority.

The enormous and expanding Federal medical activities are devoid of any central plan. Four large, and many smaller Government agencies, obtain funds and build hospitals with little knowledge of, and no regard for, the needs of the others. They compete with each other for scarce personnel. No one has responsibility for an over-all plan. There is not even a clear definition of the classes of beneficiaries for whom care is to be planned. The Government is moving into uncalculated obligations without an understanding of their ultimate costs, of the lack of professional manpower available to discharge them, or of the adverse effect upon the hospital system of the country.

It is fundamental that whatever care the Government provides must be of the highest quality. The health of the

Nation demands the maximum employment of present scientific knowledge to control disease, and of research to find new means for the prevention of disease. Such research must be stimulated and supported to the maximum limits of available manpower. The Nation's future can best be protected by using every means to prevent disease, rather than by providing unlimited hospitalization to treat it. Medical care offered by the Federal Government should be a model for the Nation.

The present methods being employed by the Federal Government make it impossible to achieve these objectives. It is essential that Federal medical services be so organized as to provide for over-all planning and for execution of these plans.

## 2. Dissimilarities in Construction Costs

The per bed construction cost varies from \$20,000 in the larger hospitals to from \$30,000 to \$51,000 in the small ones. This compares with an estimated cost of \$16,000 per bed in voluntary hospitals.

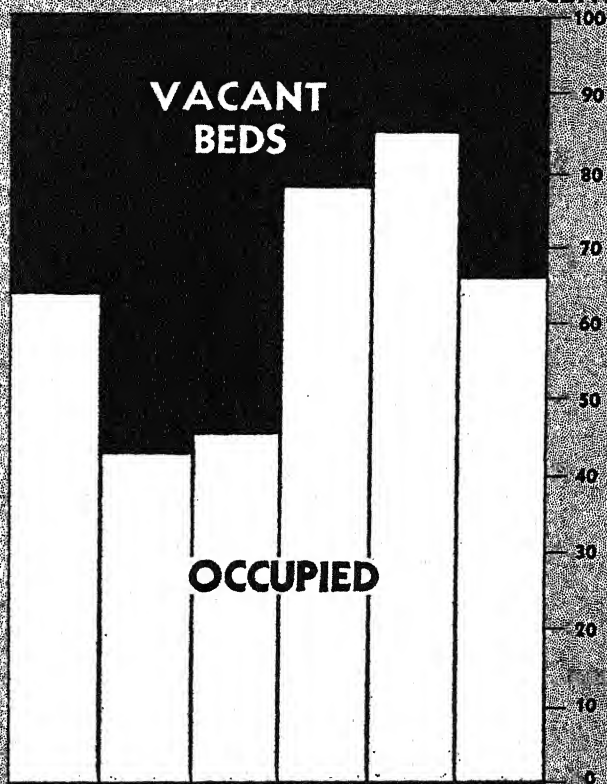
## 3. Failure to Utilize Capacity

While these great new construction programs are going forward, there is a large unused capacity in existing Federal hospitals. On June 30, 1948, there were only 155,000 patients in Government hospitals having a capacity of 255,000. (See chart.) Yet, despite the President's recent action reducing its building program by 16,000 beds, the Veterans' Administra-

# USE OF FEDERAL HOSPITALS

(GENERAL HOSPITALS, AS OF JUNE 30, 1948)

PERCENT



ARMY

ARMY AND  
AIR FORCE  
STATIONS

NAVY

PUBLIC  
HEALTH  
SERVICE

VETERANS

Average

tion alone is planning or has already contracted for 38,000 additional beds, of which 15,000 are under contract. Continuation of present policies may lead to a hospital system in 1980 of 300,000 beds for the Veterans' Administration alone. The armed forces plan an additional 5,000.

#### 4. Lack of Trained Manpower

There is insufficient medical manpower to staff existing facilities. In the Veterans' Administration, 5,600 beds are now closed because of inability to service them. The best opinion is that staff personnel is available for only about 120,000 Veterans' Administration beds. Construction is far outrunning available manpower.

None of the Federal agencies has the manpower resources in sight to meet its responsibilities. This shortage is particularly acute in the armed forces, where the lack of medical specialists is critical. The situation is neither temporary nor self-correcting. Federal agencies, as presently organized, compete with each other and civilian institutions, thereby aggravating conditions. They do not make proper utilization of their physician personnel. There is no planning by the Federal organizations in relation to the medical and hospital resources of the country as a whole.



## 5. A Medical Draft

This summer, the tour of duty of some 1,700 medical officers in our armed forces, trained under the wartime V-12 program and the Army Special Training Program (ASTP) will expire. Most of these young physicians have indicated their desire to enter private practice.

Great difficulty is being encountered by the armed forces in voluntary recruitment of medical personnel. It has been suggested that it will be necessary to draft certain medical personnel to replace the young physicians who are leaving the service. This is a policy matter for the Congress to determine.

Even if Congress should enact a draft law for medical personnel, it would still be improbable that the armed forces could obtain sufficient numbers of medical and surgical specialists. This is absolutely essential if the men in the armed forces are to get adequate medical care.

## 6. The Varied Quality of Service

The most important result of this situation is its effect on the quality of medical care which is available to the beneficiaries of this system. This is inadequate as far as military personnel are concerned.



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## 6. The Varied Quality of Service

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## 7. Lack of Clear Policy on Beneficiaries

An enormous plant is being built for groups of beneficiaries, to many of whom the Federal Government has no clearly defined obligation. Veterans with nonservice-connected disabilities are receiving care in Veterans' Administration hospital beds, under an authorization to hospitalize them only if beds are "available." Yet about 100,000 Veterans' Administration hospital beds have been built or authorized which serve no purpose except to make beds available for nonservice-connected cases. It may be presumed that Congress must have expected that care to this extent would be given; otherwise it would not have made appropriations for the beds. But the fiction of limiting the right to such care only if a bed is "available" leads to the construction of a Federal hospital plant at staggering costs, although much of the hospitalization might be more economically provided in community hospitals on a reimbursable basis.

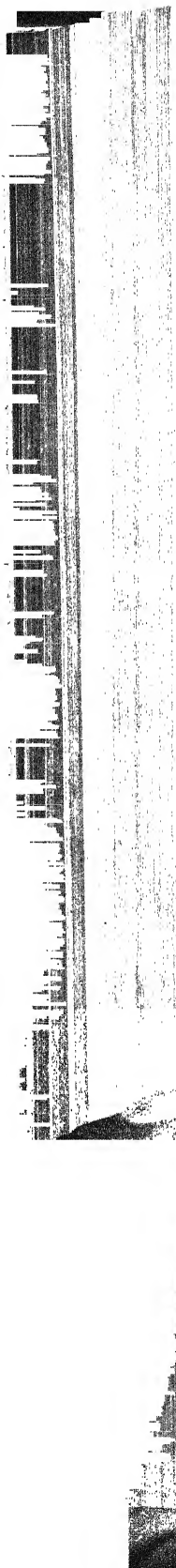
Because veterans with nonservice-connected disabilities are authorized to receive only hospital care, it has not been possible to give them outpatient care, nor effectively to employ the kind of preventive measures that might avert long, chronic hospitalization. The present eligibility provision for such cases is highly uncertain in operation, giving the veteran no assurance of hospital care when he needs it. The fact that hospital care can be obtained merely by signing a statement indicating inability to pay has the effect of giving care to some who are in much less financial need of this assistance than are others who do not apply for it.

Over 60 years ago an appropriation act authorized medical officers to care for dependents of Army personnel "whenever practicable." On the basis of this act, some 900,000 dependents of Army and Air Force personnel are receiving, or are considered eligible for, substantially free medical care. Congress has supported this practice by appropriations year after year.

## **8. Failure To Make Best Use of Highly Skilled Private and University Physicians**

There are not enough highly skilled specialists in the Federal service. In an effort to remedy this situation, the Veterans' Administration established in 1946 a program for utilizing the best skilled physicians and surgeons in the Nation, both in private practice and in universities. (Other agencies have not followed this lead as effectively or extensively.) The hospitals so staffed would become part of a United Medical Administration which would thereby be in position to give a far better caliber medical care to all services. This not only would benefit those receiving care, but it also would be invaluable in improving the training opportunities for medical personnel within the Federal Government.

For the physicians and other skilled medical personnel in the armed forces, this would offer a great opportunity. It would be possible, for instance, for the Surgeons General and the Air Surgeon to detail military personnel to hospitals having superior facilities, a more varied clinical load, and more expert instruction.



### III. The Proposed United Medical Administration

Only the creation of a new United Medical Administration can remedy the weaknesses of the present organization and give the leadership, direction and planning urgently needed. To it would be transferred the Government's major services in the field of medical care, public health, and medical research.

The Nation's vast medical services, which we have noted lack any central plan of operation, require unified responsibility. The Government must have a central plan if waste and inefficiency are to be avoided. The advantages of unification of Federal medical services include the following:

- a.* The general standard of Federal medical care would be improved.
- b.* There would be central supervision of the major Federal medical care, public health, and medical research activities. Unified responsibility is the key to good management. The President, the Congress, and the public could look to one man for results.
- c.* Construction costs could be standardized and reduced.
- d.* Federal hospitals could be utilized to the fullest extent by eliminating present distinctions as to the particular types of beneficiaries for which each can care. After all, a patient

is a patient whether he is a veteran, a merchant seaman, or in the Army, Navy, or Air Force.

*e.* The medical manpower at the call of the Federal Government could be used to the fullest extent, and present deficits in skilled personnel could be greatly reduced.

*f.* The need for any draft of medical manpower in time of peace would be greatly lessened.

*g.* The cost of health and medical services would be clearly identified and known to Congress.

*h.* The facilities of private hospitals and the skills of physicians in private life and in the universities could be utilized far more effectively than they are now.

## Organization

This unification does not contemplate the creation of an additional Government agency in the usual sense. It proposes uniting the facilities and resources of existing agencies.

The Administration should be headed by an outstanding Administrator. He should report directly to the President. He should be the ablest medical and health administrator whose services can be obtained by the Government. The Administration should be manned by career personnel drawn initially from the various agencies whose functions are recommended for transfer to the new United Medical Administration, supplemented by medical officers whom the armed

services would have the right to detail for training and rotation.

This practice of detailing medical officers from the armed services would offer marked advantages. It would make possible far better training for these medical officers and they would be given more interesting, and broader, opportunities in the field of medicine. The result would be far better care for the military personnel for whose health they are responsible.

In addition, the Administration should utilize to the full medical personnel of proved competence in private practice and in the universities.

## Advisory Board

### *Recommendation No. 2*

Therefore, the Commission recommends that the Administrator of the United Medical Administration should be assisted by an advisory board, consisting of the Surgeons General of the Army and Navy, the Air Surgeon, and the Administrator of Veterans' Affairs or his representative.<sup>4</sup> This board should advise the Administrator on policies. Thus, we propose a unity of services in the national interest, rather than separate services to special groups.

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<sup>4</sup> **DISSENT:** Chairman Herbert Hoover and Commissioner Carter Manasco dissent from limiting the Board's authority to advising the Administrator. The dissent in detail is given on p. 33.



## Over-All Management

In our first report, we recommended that all departments and agencies should have adequate direction at the highest level. In the case of the United Medical Administration, there should be three Assistant Administrators who might be either professional men or general executives of wide experience.

Particularly in the hospitalization field, the function of management research should be emphasized. Furthermore, arrangements should be made for adequate liaison with Congress. One of the Assistant Administrators should be assigned to the supervision of the following officials:

- a. GENERAL COUNSEL.
- b. FINANCIAL OFFICER (budgeting and accounting).
- c. SUPPLY OFFICER.
- d. MANAGEMENT RESEARCH OFFICER.
- e. PUBLICATIONS AND INFORMATION OFFICER.
- f. DIRECTOR OF PERSONNEL.

### *Recommendation No. 3*

We recommend that the Administrator and three Assistant Administrators be appointed by the President with the advice and consent of the Senate. All other officials in the Administration should be appointed by the Administrator and due consideration should be given to the promotion of properly qualified personnel in the career service.

# PROPOSED

# ORGANIZATION

# OF THE

# UNITED MEDICAL ADMINISTRATION

THE  
PRESIDENT

ADMINISTRATOR  
—  
TWO ASSISTANT  
ADMINISTRATORS

Assistant  
Administrator  
in Charge of  
Staff Services\*

## ADVISORY BOARD

- SURGEON GENERAL  
OF THE ARMY
- SURGEON GENERAL  
OF THE NAVY
- AIR SURGEON
- ADMINISTRATOR OF  
VETERANS' AFFAIRS

HOSPITALS

PUBLIC  
HEALTH

RESEARCH

## \*Staff Services

- General Counsel
- Finance
- Supply
- Management Research
- Publications and  
Information
- Personnel
- Congressional Liaison

Hospital functions which should not be transferred include:

- a.* The armed forces station hospitals above excepted, together with all armed forces hospitals overseas.
- b.* The hospitals of the Bureau of Indian Affairs.
- c.* The hospitals of the Bureau of Prisons.
- d.* Other small hospital functions such as those which are incident to the operations of the Tennessee Valley Authority and the Atomic Energy Commission. The Indian and prison hospitals should, however, be assisted in procuring staff by professional personnel from the United Medical Administration.
- e.* The U. S. Soldiers Home in Washington and the U. S. Naval Home in Philadelphia.

Our task force states in substance as follows:

. . . 1. As to armed forces' general hospitals: These general hospitals cannot maintain quality staffs because they lack specialists. High quality care could be given in a unified system; many Veterans' Administration and some Public Health Service hospitals, which would be transferred to such a system, are already well staffed with specialists because of their association with teaching medical centers. We have found no other way to give high quality care to the armed forces.

2. As to the transfer of Veterans' Administration hospitals to the new Administration: If they were to remain separate, the new United Medical Administration would be a central health agency in name only. Only by incorporating the Veterans' Administration hospitals can an integration be achieved which will provide equally high-grade specialist care for the armed forces and the veterans. Only by this means can scarce medical manpower be efficiently utilized.

## Congressional Policies

For this plan to function, it must be accompanied by a clear definition by the Congress of the rights and priorities to medical care of all the various classes of beneficiaries. Based upon such a new definition, this plan presupposes that the resources in medical manpower and the facilities of community hospitals—where these are of satisfactory quality—will be utilized for care of Federal beneficiaries to the maximum extent possible.

The principle should be that hospital care for Federal beneficiaries be planned in relation to the hospital resources of the country as a whole, not merely through construction of Federal hospitals as a class apart.

It must be constantly borne in mind that assumption of Federal financial responsibility is an entirely distinct question from provision of such medical care directly in Federal hospitals.

## Beneficiaries

The basic question as to what the Government owes to its veterans and the dependents of members of the armed forces is a policy matter which must be determined by the Congress. The decision as to what financial burden for medical care is to be assumed is separate and distinct from the question as to whether such care should be given in Federal hospitals. But such a decision is essential for sound planning.

A single policy for dependents of armed forces personnel should apply to all three services. The right to medical care for dependents is an inducement to remain in the armed services, and is a morale factor. The question is really one of pay of the armed forces, except overseas and in posts in this country remote from adequate community facilities and professional personnel. In such areas, care by military doctors is essential.

*Recommendation No. 5*

Congress should define the beneficiaries entitled to medical care from the Government and prescribe how this care should be given.

## IV. Further Recommendations

### Integration With Non-Federal Hospital System

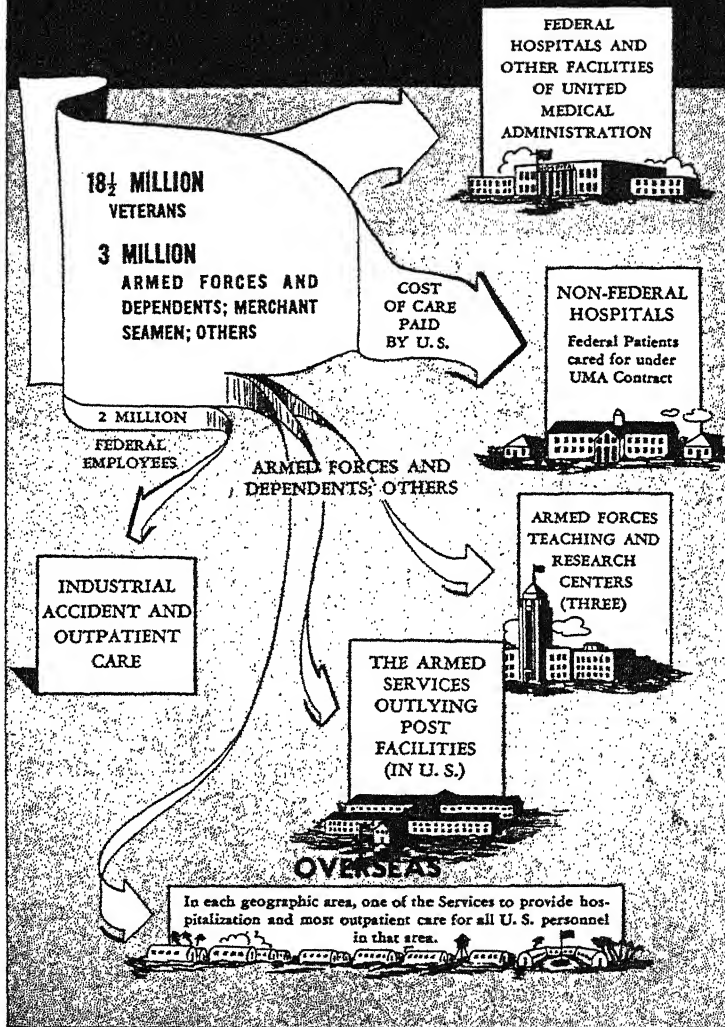
Inadequacies exist in the Nation's hospital plant. The Federal Government has recognized the need for aid in remedying them and is now giving such assistance. This effort would be furthered by hospitalizing Federal patients in non-Federal hospitals on a reimbursable basis wherever it is efficient to do so, instead of further enlarging the Federal hospital plant. In that way, many such patients could be cared for near home in their community hospitals. (See chart, Care of Federal Patients Under Proposed System.)

This step is further indicated because the Federal Government is dependent upon voluntary and other community teaching hospitals for undergraduate and postgraduate training of medical personnel, and for the advancement of medical science by joint efforts with the medical schools affiliated with them.

### *Recommendation No. 6*

The present inconsistency in policy between the Federal hospital construction program and Federal aid to non-Federal hospitals under the Hill-Burton Act should be ended.

# CARE OF FEDERAL PATIENTS UNDER PROPOSED SYSTEM



## The Armed Services

It is basic that the armed forces must have supporting medical service subject to military control.

The proposal to transfer general hospitals and most station hospitals in the continental United States to a single national hospital system will eliminate much of the existing duplication and will conserve scarce professional manpower.

Overseas, the Secretary of Defense should assign to one of the services full responsibility for the hospitalization, and much of the out-patient care, of all United States personnel in each geographic area. This proved successful during the war; it should be done now in an even more systematic manner. This step would conserve scarce medical personnel and effect optimum use of facilities. The service having greatest responsibilities in an area would be the natural choice for the task there.

### *Recommendation No. 7*

The control of medical policy in the armed services should be exercised by the Secretary of Defense.

## National Defense

These recommendations, it is believed, are calculated to provide a sound organization, not only for our peacetime requirements, but also for war emergency needs. The United Medical Administration should give continuing attention to the wartime medical needs of the country, including the



status and availability of medical personnel and the relative facilities of Government and civilian hospitals. The overwhelming shortage of doctors which war would create could thereby be met by optimum utilization of those we have. Not only would the proposed single Federal hospital system reduce the need for full-time Federal doctors by making more care of Federal beneficiaries possible without withdrawing physicians from their communities, but it would also assist in saving doctors because it could be fully integrated with non-Federal hospitals. The problems of another war would mean that not as many physicians as in the last war could be taken from their communities. To do so would destroy essential civil defense.

#### *Recommendation No. 8*

The United Medical Administration should give constant attention to necessary measures for national defense.

#### **Personnel Policies in Medical Services**

The United Medical Administration should have full responsibility for recruiting, selecting, assigning, training, and otherwise handling its own professional and technical civilian personnel on the basis of standards determined by it but approved and enforced by the Civil Service Commission. It should make greater use of ancillary technical personnel.

### *Recommendation No. 9*

Medical and other technical personnel in the Administration should be on a career service basis.

### **Aid to Medical Education**

Many schools are in serious condition. Adequate facts on which to base the extent of, or to determine intelligently, the aid required are not now available. There should be a short-range survey immediately made by an independent commission appointed by the President to determine the real needs for emergency aid, amplified later by a longer range study. Any aid must be given in a manner to maintain the professional independence and the initiative of the schools, and in a way which will increase the output and result, partially at least, in meeting especially acute current deficiencies.

### *Recommendation No. 10*

A survey should be made to determine the needs for emergency aid to medical schools.

### **Control of Disease**

The necessity for medical care, which requires heavy expenditures and much personnel, must not be permitted to result in minimizing the even greater importance of controlling disease. Research must be stimulated, and supported to the

extent which may prove necessary, to the maximum potential of the skilled manpower available to conduct it.

Since the Federal Government now gives varying degrees of medical care to one-sixth of the Nation and since it may very well face expansion in veterans' hospitalization as veterans grow older and as their numbers increase, the Government can protect its financial position best by using every means to prevent disease rather than to treat it by unlimited hospitalization. This will also promote both the national welfare in peace and a stronger manpower to preserve our security in war. The highest priority in Federal medical expenditures should, therefore, go to the research and public health fields. We must, and to a large degree we can, if we will, control disease.

*Recommendation No. 11*

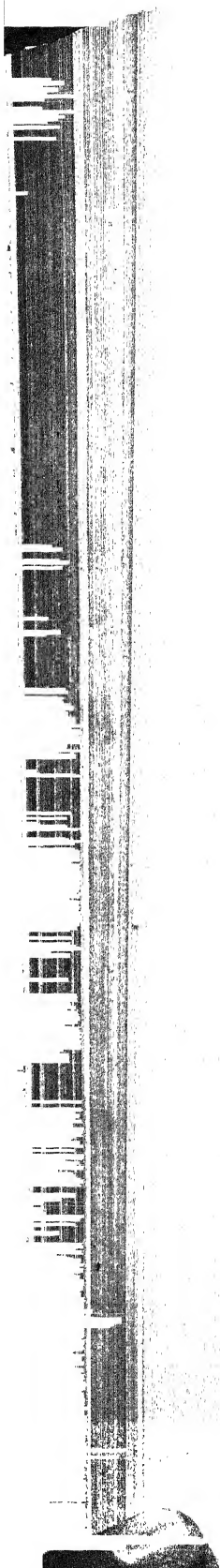
The highest priority in importance should be given to research, preventive medicine, public health, and education.

## **SEPARATE VIEWS OF COMMISSIONERS**

**Dissent by Chairman Hoover and Commissioner Manasco**

**Dissent by Commissioner Brown, with Concurrence by  
Commissioner McClellan**

**Separate Statement by Vice Chairman Acheson, Com-  
missioners Aiken and Rowe.**



## Dissent by Chairman Hoover and Commissioner Manasco

We wish to dissent vigorously from the action of the majority of the Commission in providing that the Board of United Medical Administration should be "advisory" only. Generally speaking, a board should not have administrative powers nor do we advocate that this Board have such powers. However, because the recommended consolidation of hospital and certain other medical services is such a revolutionary change from anything heretofore attempted in our Government we, in dissenting, have attempted to find an intermediate step that would overcome an admittedly critical situation and at the same time provide an orderly transition from an outmoded system to an efficient organization.

We are mindful of the validity of some of the arguments presented by members of the medical services of the armed forces. These representatives contend that to follow completely the recommendations of our task force would make it difficult for the armed forces to attract and hold specialists because of the inability of the services to offer opportunities to these specialists to follow their chosen careers. They also contend that it would not be possible adequately to train and retain disciplinary control over medical corpsmen and attendants. We agree in part with their contention. In order to overcome these valid objections, we believe that it is im-

perative that a board composed of the Surgeons General of the Army and Navy, the Air Surgeon, the Chief Medical Director of the Veterans' Administration, and the Surgeon General of the Public Health Service be established with power to determine the policies of the United Medical Administration.

The recommendation of the Commission, in effect, means a unification of hospital facilities serving several major departments and the Board proposed by us amounts to an interdepartmental committee to determine policy—this is a long-established practice in our Government. The top officials in the interested departments must have a real voice in determining the policies and objectives of the new organization. This does not mean vesting administrative authority in an independent board. It does mean that the responsible authorities of the departments affected would have a voice in the assignment of medical personnel and in the training of corpsmen and attendants of the medical services of the armed forces. This we feel must be done if the armed forces are to meet their obligations in time of peace and have available a trained nucleus of personnel capable of rapid expansion in event of war. It would also be possible under this proposal for personnel to be trained in hospital administration which is so important in time of peace and especially in time of war.

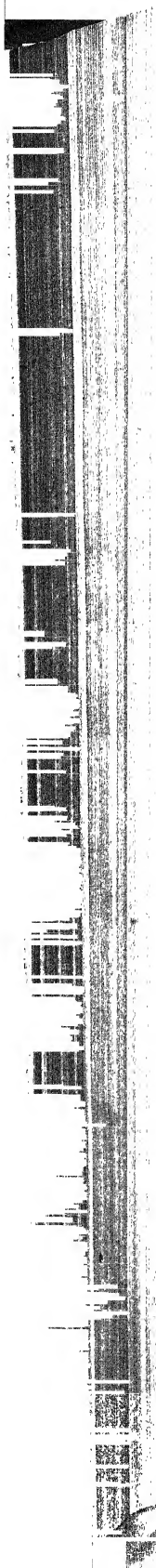
We sincerely believe that unless the Board is given such powers as recommended by us, the program will weaken if not destroy military medicine.

It has been suggested that the new organization should be placed in a department of welfare. Under ordinary circumstances we would agree with this proposition, but since we think that it is imperative that the Board proposed by us should have policy-making power, we do not think that a Cabinet officer should be placed in the embarrassing position of having an agency under him without the control of policy.

HERBERT HOOVER,  
*Chairman.*

CARTER MANASCO,  
*Commissioner.*





## Dissent by Commissioner Brown

While Mr. Brown agrees with the desirable objectives of the report on Federal Medical Activities, he dissents from one of its principal recommendations, namely, that practically all of the hospitals of the armed forces be transferred to, and placed under the jurisdiction of, the proposed United Medical Administration.

It is the position of Mr. Brown that not only proper medical and hospital services are necessary at all times for the members of the armed forces but that also there must be maintained well-trained and highly skilled military medical and hospital personnel, composed not only of doctors but also of nurses and enlisted corpsmen who can train and direct others in time of war or other national emergency. It is just as necessary to have well-trained and highly skilled medical and hospital corps in the armed forces as it is to have aviation experts, battleship and submarine crews, and other military personnel especially qualified in the arts of war.

Instead of transferring all but a very few military and naval doctors and hospitals to a civilian agency under the control of a medical bureaucracy, Mr. Brown has suggested that the available beds and services in the hospital system of the armed forces be made available for the use of other Government beneficiaries, under proper supervision and restrictions which will protect their full interests.

The Commission's report unfairly charges that a critical lack of medical specialists exists in the armed forces. Mr. Brown contends that there is no shortage of military medical specialists. However, a shortage does exist in every other medical activity in both the Federal Government and civilian life. In regard to the availability of specialists in the armed services, Mr. Brown points out that, while no recent check has been made, prior to World War II 25 percent of all Army and Navy medical officers were recognized as specialists by, and were members of, the Nation's leading scientific and medical societies. Actually, the proportionate number of medical specialists in the armed forces was then more than double that in civilian life. In addition to the qualified specialists now in the armed services, over 1,000 highly skilled civilian medical and surgical specialists act as part-time consultants in connection with the care of military patients and in the training of additional medical personnel. Contrary to the Commission's report, the quality of medical care furnished to American military personnel is exceptionally high. It not only compares favorably with, but is believed to actually excel, the quality of medical care available to the civilian population of the United States.

For some time the medical services of the Armed Forces have been cooperating in the development of a program of unification of the medical facilities within the National Military Establishment. The medical manpower available to the armed services at the present time is still proportionately

higher than that available to the civilian population. The cost of medical services rendered each patient in the hospitals of the armed forces, is actually lower than in civilian life, despite the inclusion of the cost of maintaining stand-by military facilities.

Mention has been made in the Commission's report of the difficulty in obtaining trained medical personnel for the use of the armed forces. While there is a serious shortage of medical manpower throughout the entire Nation, the armed forces are actually accepting for service only those doctors and surgeons who graduate in the top fifth of their civilian medical school classes.

It is the contention of Commissioner Brown that those who fight the Nation's wars are entitled to the best possible medical and hospital care, not only from officer surgeons and doctors, but from the stretcher bearers and other trained enlisted men who give pain-relieving hypodermics and blood transfusions on the battlefield, and from the faithful nurses who serve in military hospitals on the land, at sea, and in the air.

So long as world conditions require the maintenance of strong armed forces to defend this Nation and the principles for which it stands, it is Mr. Brown's belief that the Congress of the United States should not permit any change to be made which will endanger either the quality or the quantity of the medical and hospital services our wounded may require. Certainly it would be ill-advised and foolish to injure or destroy those medical services of the armed forces which made

such an outstanding record of saving precious American lives in World War II in order to effect economies and efficiencies which can be just as easily obtained through other methods and by another type of organization, as has been outlined.

CLARENCE J. BROWN,  
*Commissioner.*

Concurrence: I join in the general views expressed by Commissioner Brown.

JOHN L. McCLELLAN,  
*Commissioner.*

## Separate Statement by Vice Chairman Acheson, Commissioners Aiken and Rowe

We do not agree with the proposal of the majority to set up another new agency. It is unsound organization and unnecessary governmental structure.

We agree entirely with the recommendation to consolidate the major hospital activities of the Government. These functions would, if unified, be much more efficiently and economically performed. The economies would be huge. More important, the veterans and present personnel of the armed forces would receive much better care as the product of such consolidation.

But this proposal to place these hospital activities in a separate agency, and to take out of the present Federal Security Agency the Public Health Service and put it in that separate agency is not the way to achieve what both the majority and we agree is a desirable end. Such a combination serves only to splinter the Government's welfare functions. It would cause more of the organizational confusion which this Commission was created to terminate.

As we point out elsewhere in another report,<sup>1</sup> it is our view that the present Federal Security Agency should be renamed

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<sup>1</sup>Report on Social Security; Education; Indian Affairs.

the Department of Welfare which would contain—as the Federal Security Agency does now—the health, education, and security functions of the Government. This is desirable to promote efficiency and economy, for one thing. For another, it is in accord with the basic principles of the general management of the executive branch, as outlined in our first report.

In our opinion the proposal to create an independent agency for these hospital activities violates two of those basic principles which were approved by the full Commission in that report. They are:

1. Government agencies should be grouped into departments according to major purpose.<sup>2</sup>
2. Government agencies should be consolidated into about one-third of the present number.<sup>3</sup>

Those principles are sound. The number of agencies reporting to the President must be reduced to a minimum. As a practical matter, the burden of coordination and direction at the Presidential level is already excessive.

In the face of this situation, the creation of another independent agency can only be justified by most extraordinary circumstances. We can find no such compelling reasons here. Nor have the majority stated such reasons. In fact,

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<sup>2</sup> Recommendation No. 12, General Management of the Executive Branch, p. 34.

<sup>3</sup> Recommendation No. 17, General Management of the Executive Branch, p. 36.

the opposite is true. There are direct administrative relationships between these hospital functions and the health, education, and security functions which require their over-all direction by a single official on behalf of the President.

A further reason for consolidating hospital activities with the health, education, and security functions is to prevent overemphasis on professionalism in these three fields. They should all be directed together by an administrator who is a generalist, responsive to the President. If they are separated the tendency to place a specialist in charge of each segment would be irresistible. This always results in advocacy, in the overemphasis of the specific interest and the role of professionals—whether doctors, educators, or social workers—to the detriment of the general interest.

Accordingly, we recommend:

The existing hospital activities of the Government should be consolidated. They should be placed in a new Department of Welfare and integrated with the health, education, and security functions of the Government which would also be placed in that Department.

But if the Congress does not accept this view . . .

We recommend in the alternative that, at all events, the Public Health Service be placed in the Department of Welfare even though the Government's hospital activities are consolidated in a separate agency.



We make this alternative recommendation for these reasons:

The hospital activities should, of course, be closely integrated with the other health functions of the Government. The health functions logically interlock with the education and security activities and should be grouped into one major purpose department whose over-all function is welfare. But if the Congress determines that hospital activities should be separated, it is our opinion that the other health activities of the Government bear a closer relationship to, and are so inextricably connected with, education and security functions that the Public Health Service should remain with them in one department and not be torn out to be placed in a hospital agency. The disadvantages flowing from a separation of Federal programs in the health, education, and security fields would far outweigh any advantages to be gained from consolidating hospitals with general health functions in an independent agency.

At the Federal level, general health functions—apart from the direct operation of hospitals—and education and welfare functions are primarily research, promotion, and the administration of grants-in-aid. Direct operations are in the hands of State, local, and private organizations. It is, then, essential that grants-in-aid be coordinated at the Federal level to insure an over-all consistency and balance and to simplify Federal-State relations. This can best be performed by strengthening the existing arrangements, not by pulling these functions apart and creating separate agencies.

On the functional side, the Federal administration of research, promotion and grants-in-aid for health, education, and security also require coordination. They are closely inter-related. Any Federal program to relieve shortages in professional health personnel, for example, must be developed with full awareness of the part to be played by educational institutions, and of the impact of that program upon our educational system. And this is also true in medical research which for the most part must be carried on by institutions of higher education. Community education on how to avoid illness and prevent diseases is an essential factor in the effectiveness of preventive public health work. Vocational rehabilitation which successively involves the physical restoration, vocational training, and economic security of handicapped individuals, affords another illustration of the three-way relationship among health, education, and security.

The social insurances are closely related to the whole series of health, education, and welfare services which a department of welfare should administer. These are complemented by public assistance which provides a life net below the social insurances. They are inextricably associated with health and with vocational rehabilitation. They help maintain the health, welfare, and education of children by safeguarding the family income. A major purpose of social insurance, as of health and education services, is to enable the individual to provide for his own security and that of his family.

Instances of the interrelationships among health, education, and security can be multiplied many times over. These functions all tie together. Hospital activities should be integrated with them. But if they are not, the other health functions should remain where they are.

DEAN ACHESON,  
*Vice Chairman.*

GEORGE D. AIKEN,  
JAMES H. ROWE, Jr.,  
*Commissioners.*

## Additional Statement of Commissioner Pollock

While I concur with the recommendations of the Commission report, there are a number of issues raised in the dissents of several Commissioners on which I should like to make my position clear.

*First.* A consolidation of the major medical services of the Federal Government is essential not only to achieve huge economies but, through better utilization of scarce medical and technical manpower, to improve greatly the quality of the medical services rendered both by the military and civilian agencies. Speaking on this point our task force says:

. . . This radical departure from traditional functions is proposed, not merely to save money, but because it is the only means by which high quality care can be maintained with the present shortage of doctors in Federal service. Furthermore, it would provide better medical protection in time of war.

*Second.* The consolidation does not imply that medical services essential to the Armed Forces would be transferred to the United Medical Administration. Both our medical task force and the Commission recognize that the Armed Services require certain essential medical services which it is not our intention to disrupt. This intention is reaffirmed in the following statement of our task force's subcommittee on Armed Forces Hospitalization:

. . . In exploring the possibilities for more efficient use of the medical potentialities of the nation, this committee early arrived at the firm conclusion that so much of a medical service as is in direct support of an armed force is, and must continue to be, inseparable from that force. The functions of the medical service are diverse, and the responsibilities of commanders too inclusive, for medical personnel to be allocated and withdrawn solely on the basis of current need for medical care.

There is at present, however, a function of medical service that is not one of direct support of an armed force. This is purely professional care in hospitals of serious cases requiring expert medical or surgical skill. A high proportion of such cases are forever unfit for further military service; and such as do recover are of little military value during the period of their hospitalization. Such patients are primarily a medical rather than a military responsibility and . . . there is no impelling reason for treating them in military hospitals.

*Third.* The creation of a United Medical Administration does not imply any violation of fundamental principles or organization. Bringing together all the major medical functions of the Federal Government under the administration of one agency provides us with one of the clearest examples of organization by major purpose that it has been possible for our Commission to propose. The argument that it would leave outside of the administration such related functions as the Children's Bureau, the Office of Vocational Rehabilitation, and the Office of Education, in my opinion, has little or no bearing upon the problem of consolidating the major direct medical services of the Government. No less than 46 Federal agencies are engaged in some kind of medical service. While total expenditures of the Federal Government for medical services amounted to \$1.2 billion in fiscal year 1948,

less than two percent of this was allocated to the Children's Bureau. The Bureau in turn does not use the money for direct medical services but allocates it to the States in the form of grants-in-aid to support local crippled children, and maternal and child health programs. Furthermore, in our report on Social Security and Education, we have recommended against integrating the grant-in-aid programs of the Children's Bureau with those of the Public Health Service until the promotional phases of the former have ended and a more integrated approach has developed to the whole problem of Federal grants-in-aid.

Similarly the Office of Vocational Rehabilitation does not engage in direct medical services but allocates money to the States in support of approved programs for vocational rehabilitation. In the fiscal year 1948 appropriation for grants to the States for all vocational rehabilitation activities amounted to \$18 million, of which only \$2.2 million was spent (and this, locally) for medical examinations, treatments, hospitalization, and prosthetic appliances.

As far as the Office of Education is concerned, our task force reports that all of its activities relating to health are so small and so incidental to the other work of the agency that it is impractical to try to allocate any specific percentage of the budget or staff to health.

*Fourth.* Although I am in favor of the ultimate consolidation of the United Medical Administration within an executive department which will also include the major social

security and education functions, I nevertheless believe that, at the present time, practical considerations indicate it would be better to forego this as an immediate step in order to achieve our most important goal—unification of the major medical services.

My reasons for recommending a separate United Medical Administration at this time are as follows:

*a.* The task of bringing about this consolidation is such a gigantic problem that, initially at least, the agency deserves a much higher position in the hierarchy of the Government and the best top managerial and professional talent that can be obtained. Both of these needs are more easily supplied if a separate agency is created.

*b.* The agencies principally interested in the reorganization—the Veterans' Administration and the Military Establishment—could be expected to voice less vigorous opposition than if the medical services were to be associated with education and social security functions.

*c.* The transfer of the major medical functions to a separate administration, as a first step in reorganization, does not preclude an ultimate consolidation of the United Medical Administration with the education and social security functions at some later date after the tremendous task of consolidation has been completed and the new administration has become a smoothly operating and stable agency.

This recommendation is in keeping both with my belief that the number of agencies reporting to the President should be kept at a minimum, and with the concept that organization is a dynamic process and therefore whatever we propose here as an initial step in reorganization need not necessarily determine the ultimate character of the organization when quite different circumstances obtain.

*Fifth.* I am unalterably opposed to the suggestion that the new United Medical Administration be made responsible to a Board which would dictate its policies. Time and again such boards have proved to be unable to keep away from log-rolling tactics or from delving into administrative matters. Moreover, the Board, as suggested (p. 34), would comprise three members of the Military Establishment—the Surgeons General of the Army and Navy and the Air Surgeon, one representative of the Veterans' Administration, and the Surgeon General of the Public Health Service. Under such an arrangement the Military Establishment could invariably muster a majority to determine policies affecting not only all of the hospitals in the consolidated service but all of the present functions of the Public Health Service including preventive medicine and research, as well as those of the Food and Drug Administration.

I am, therefore, convinced that the management of the new agency should be placed under an administrator as recommended in the Commission report. He should be assisted by a part-time advisory board on which the Veterans' Ad-



ministration and the Military Establishment would have representation. Under this type of organization responsibility would not only be fixed but the legitimate needs of the related services would be made known to the administrator. To assign the management of this enterprise to a board representing the present interested agencies is to run the risk of not achieving consolidation at all.

JAMES K. POLLOCK,  
*Commissioner.*

## Related Task Force Report

Submitted separately to the Congress in printed form, as Appendix O, are the task force report on Medical Services and its supplement. Additional papers are transmitted in type-script.

### Acknowledgment

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# *Federal Medical Services*

A REPORT WITH RECOMMENDATIONS

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P R E P A R E D     F O R

THE COMMISSION ON ORGANIZATION OF THE  
EXECUTIVE BRANCH OF THE GOVERNMENT

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*by*

The Committee on Federal Medical Services

-2418657



For sale by the Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C.  
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## Letter of Transmittal

WASHINGTON, D. C.,

15 January 1949.

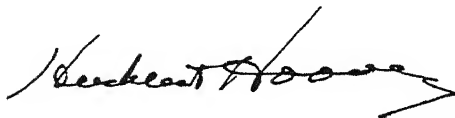
DEAR SIRs: In accordance with Public Law 162, approved July 7, 1947, the Commission on Organization of the Executive Branch of the Government has undertaken an examination into the operation and organization of the executive functions and activities. In this examination it has had the assistance of various task forces which have made studies of particular segments of the Government. Herewith it submits to the Congress a study prepared for the Commission's consideration of the Medical Services of the Federal Government.

The study of each task force naturally is made from its own particular angle. The Commission, in working out a pattern for the Executive Branch as a whole, has not accepted all of the recommendations of the task forces. Furthermore, the Commission, in its own series of reports, has not discussed all the recommendations of an administrative nature although they may be of importance to the officials concerned.

The Commission's own report on the Medical Services Systems and Methods is submitted to the Congress separately.

The Commission wishes to express its appreciation to Tracy S. Voorhees, chairman of the Committee on Federal Medical Services, to the members of the committee, and to their advisers and colleagues for preparation of this task force study.

Faithfully,



Chairman.

*The Honorable*

*The President of the Senate.*

*The Honorable*

*The Speaker of the House of Representatives.*



## Letter of Submission

WASHINGTON 25, D. C.,  
November 30, 1948.

Honorable HERBERT HOOVER,  
*Chairman, Commission on Organization of the  
Executive Branch of the Government, Washington 25, D. C.*

DEAR MR. CHAIRMAN: Herewith is the unanimous report of your Committee on Federal Medical Services, dated November 1. Preceding the report itself is a brief summary of the weaknesses found and the remedies proposed.

An appendix to the report, setting forth the committee's organization for its task, is bound herewith. The other appendices are bound separately.

Since Admiral Boone was appointed and has served solely as secretary to the committee, not as a member of it, he has not participated in the substance of the report or in its conclusions and recommendations.

Sincerely yours,

FRANK R. BRADLEY, M. D.	WILLIAM C. MENNINGER, M. D.
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JOEL T. BOONE, *Rear Admiral (M. C.), U. S. Navy, Secretary.*



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## SUMMARY OF REPORT

*Our Method of Work*—Following the Commission's example, we delegated specific fields to task forces. For certain of these we secured experts who were added to the committee. Other fields were within the particular experience of original members of the committee. Still others were covered by securing eminent advisors to the committee.

*Our Objective* has been, not to test the efficiency of particular agencies, but rather the adequacy of the governmental medical organization as measured against the Commission's objectives. For the faults we have found, we blame principally the competitive organizational climate in which the various agencies have striven to maintain themselves, rather than the agencies themselves. You instructed us to approach our task courageously without undue solicitude for traditional organizations. We have tried to do so. Our study is, in a real sense, only a beginning, but we believe it to be a beginning which needed to be made.

*Assumptions We Have Made.*—(1) That it must be a basic principle that whatever medical care the Government provides must be of the highest quality which can be sustained by the best possible organization of the strictly limited human resources available. (2) That the Commission will recommend a Cabinet Department embracing health, education, and security.

*Magnitude of the Medical Problem.*—Four big and some 40 smaller agencies of the Government spent about \$1,250,000,000 for health and medical services in fiscal year 1948, an increase of five times over 1940, and of 20 percent even over 1947. In 1949, the Veterans' Administration alone will spend as much as all 46 agencies did in 1948—half of it for new hospitals.

The United States gives varying degrees of care to 24,000,000 beneficiaries—about one-sixth of the Nation. Eighteen and one-half million of these are veterans. There are now over 100,000 Veterans' Administration hospital beds in operation, and a further increase by one-third is now in process. One estimate prepared on the basis of hospitalization of veterans of the first World War projects 300,000 Veterans' Administration beds as probably necessary under present policies by 1980. Even if only service-connected cases and chronic non-service-connected cases—the latter being almost all medically indigent—should be given care, an actuarial study made for us indicates need for 250,000 beds by 1975, and that of these three-fourths would be for mental cases. In these estimates it has been assumed that no further war will occur.



## Weaknesses in Existing Organization

This enormous and expanding enterprise is devoid of any central plan.

Four large, and various smaller agencies, obtain funds and build hospitals, each to care for its own clientele. They compete with each other for scarce personnel. Generally, no one of them considers the facilities available in, or the needs of, the others. No one has responsibility for any over-all plan. There is not even any clear definition of certain classes of beneficiaries for whom care is to be planned.

The Government is moving into uncalculated obligations without an understanding of their ultimate cost, the lack of professional manpower available to discharge them, or the adverse effect upon the hospital system of the country.

*Fundamental to all others is the conclusion that there must be over-all planning and that this in turn requires first a clear definition of the extent of the responsibilities and second an organization appropriate to carry out the commitment.*

We tested in several ways whether the existing set-up squares with the Commission's objectives:

### 1. SPOTLIGHT BY AREAS

We inspected five representative areas and obtained necessary data on others. As examples:

In the New York City area we felt that under unified management four Army and Air Force hospitals—none of which is professionally adequate—could be closed, reducing requirements for medical officers by 80 percent (from 60 to 10), but at the same time providing a higher standard of care. We found that the absence of integration of Federal hospitals produced a waste of physical plant, and under-utilization of scarce military medical personnel; further, that ambitious plans of all but one of the agencies to build new hospitals are likely to make the situation worse. Costs of their planned construction are over \$100,000,000. This will double the permanent plant, with no prospect of staffing it, and no satisfying evidence that additional beds in such amount are needed.

In the San Francisco area, there are 13 Federal hospitals with a total constructed capacity of 9,900 beds and only 4,200 patients at the time of survey. Proper integration would permit the closing of 7 of the 13 hospitals. Their closing would reduce bed capacity by about 20 percent and still leave the remaining 6 hospitals—even after transferring to them the patients from the 7 closed hospitals—with only 54 percent of constructed capacity occupied.

In Houston, we found the Veterans' Administration building a \$25,000,000 neuro-psychiatric hospital, immediately adjacent to the

Navy hospital, because the Navy decided to retain as an neuropsychiatric center a hospital built during the war. This was built under an arrangement that it would revert to Veterans' Administration, and for the past 2 years only about 10 percent of its constructed capacity has been required for Navy personnel. Under unified planning, Navy would not need this installation, and the entire cost of the new Veterans' Administration hospital could be saved.

In Honolulu, the Army has just completed a hospital costing \$37,000,000, started during the war, although the Navy has nearby a permanent modern hospital plant adequate for all military personnel of all three services in that area of the Pacific. Under unified planning, the cost of the Army hospital, except to the extent of construction completed before Japan surrendered, could have been saved. Its operation is unnecessary.

## 2. SPOTLIGHT BY CERTAIN DISEASES

We selected tuberculosis and neuropsychiatric disorders which together fill 60 percent of Veterans' Administration beds and are the greatest expense to the Government. Our task forces, working separately, found as to each of these diseases that the present organization is unsatisfactory; that it developed piecemeal, with little comprehensive planning; that it involves duplication and inefficiency; that there is an acute shortage of medical personnel, aggravated by the unsound organization; that there is imperative need for unification.

## 3. SPOTLIGHT ON CONSTRUCTION

The current Veterans' Administration building program alone will cost \$1,100,000,000. The armed forces desire another \$200,000,000 for construction. Large Veterans' Administration hospitals cost about \$20,000 a bed; small ones over \$30,000. One is costing \$51,000 for a single bed. They are being built at vastly greater cost than the per bed cost of community non-Federal hospitals. They contain facilities not needed for patients who really require hospital bed care. The construction plans often do not fit the need of the Veterans' Administration medical department which must operate them. Nearly half of the 89 new Veterans' Administration hospitals are being built or planned in areas where experience has proven that it will be difficult, if not impossible, to secure adequate staffs. Further, construction of these may prevent erection of essential hospitals near medical centers which can be staffed and can give the best care.

Veterans' Administration program conflicts with the Government's policy under the Hill-Burton Act of aiding non-Federal hospitals for the purpose of establishing a sound hospital system for the country as a whole. It competes with such hospitals for scarce personnel. It diverts patients from them and threatens the community interest that the Hill-Burton Act was designed to stimulate.

#### 4. SPOTLIGHT ON PATIENT STAYS

Compared with representative voluntary hospitals, patients with the same diagnoses stay in Government hospitals two or three times as long. In the same Army and Navy hospitals civilians stay only half as long as military personnel. Making all discounts, stays could be greatly shortened under a unified system with proper planning, aided by the fact that the patients would be nearer home.

#### 5. SPOTLIGHT ON MEDICAL MANPOWER

We have studied this first in the armed forces separately. A very large part of the medical officers were educated at Government expense during the war and are now rendering obligatory service. Most of them leave within the next 6 months. Voluntary recruitment has failed, and increase of the armed forces under Selective Service is aggravating the deficiency. A draft is necessary, but it will bring in only young doctors, who cannot provide high-grade specialist care. Except in war, if adequate medical care is to be given, specialists must be utilized in their home communities.

In the nonmilitary Federal agencies, none has the manpower resources in sight to meet its full responsibilities. The condition is neither temporary nor self-correcting. In the Veterans' Administration alone, 5,600 beds are now closed because of inability to staff them. The best opinion available is that not over 120,000 Veterans' Administration beds can be staffed. Construction is far outrunning manpower.

Present organization and practices make for inefficiency in utilization of professional personnel.

#### 6. SPOTLIGHT ON DEFINITION OF FEDERAL BENEFICIARIES

An enormous plant is being built for groups of beneficiaries to whom the Federal obligation is not clearly defined.

Some 900,000 dependents of Army and Air Force personnel are being given complete care virtually free on no basis other than an appropriation act over 60 years old authorizing medical officers to care for dependents "whenever practicable." Acquiescence in this practice by appropriation has occurred year after year.

As to veterans with non-service-connected disabilities, there is authorization to hospitalize them only if a bed is "available." Yet 100,000 Veterans' Administration hospital beds have been built or authorized which serve no purpose except deliberately to make beds available for non-service-connected cases. Congress must have expected that care to this extent would be given or it would not have appropriated funds for the beds. The fiction of limiting the right to care only if a bed is available thus leads to construction of a Federal plant of staggering cost, when much of the hospitalization might be more efficiently provided in community hospitals on a reimbursable basis.

## Remedies

The present numerous agencies concerned with similar medical activities must be integrated into two major systems—military and nonmilitary. For the nonmilitary system, we recommend a new National Bureau of Health, part of the proposed Cabinet Department. It should be headed by a professional, career director general, and manned by career personnel drawn initially from existing agencies. It should include at least three main divisions: (1) Medical care, (2) public health, (3) research and training.

In the continental United States there should be transferred to the Medical Care Division:

1. All general hospitals of the armed forces (with the exceptions indicated below), and station hospitals, except those at outlying posts so located that hospitals of the National Bureau of Health would not be near enough to provide the hospitalization they would require.

2. The medical functions of the Veterans' Administration in toto, including the outpatient services in the regional offices of the Veterans' Administration.

3. The hospitals of the Public Health Service.

4. St. Elizabeths Hospital.

Each of the three armed forces should retain one medical research and teaching hospital, which would include a general hospital, the station hospitals above excepted, and all hospitals overseas. Other hospital functions which should not be transferred include hospitals of the Bureau of Indian Affairs, the hospitals of the Bureau of Prisons, and other small hospital functions such as those which are incident to Tennessee Valley Authority and the Atomic Energy Commission. The Indian and prison hospitals should be fully staffed by professional personnel from the National Bureau of Health.

This radical departure from traditional functions is proposed, not merely to save money, but because it is the only means by which high quality care can be maintained with the present shortage of doctors in Federal service. Furthermore, it would provide better medical protection in time of war.

Basically underlying these proposals are:

1. *As to armed forces' general hospitals.*—A large number of the patients are of little further military value. These general hospitals cannot maintain quality staffs because they lack specialists. High quality care could be given in a unified system, as many Veterans' Administration (and some Public Health Service) hospitals which would be transferred to such a system are well staffed with specialists

because of their association with teaching medical centers. We have found no other way to give high quality care to the armed forces.

2. *As to the transfer of Veterans' Administration hospitalization to the new bureau.*—This follows automatically under the Commission's instructions to place like functions, where possible, together. The fact too that the Veterans' Administration hospitals are the largest single group with over half of the total Federal beds, would mean that, if they were to remain separate, the new Bureau of Health would be a central health agency in name only. Further, only by incorporating the Veterans' Administration hospitals can an integration be achieved which will provide high-grade specialist care for the armed forces, and only by this means can scarce medical manpower be efficiently utilized. Also, a very large reduction in hospital beds can be achieved by the above plan. Our area surveys, which covered about one-sixth of the country's Federal hospital beds, showed that new construction costing over \$100,000,000 could probably be saved in these areas alone by such a plan.

The staffing of such a hospital system should be generally along the lines of the law (Public Law 293, 78th Cong.) under which the professional quality of Veterans' Administration medicine has made such great strides.

#### INTEGRATION WITH NON-FEDERAL HOSPITAL SYSTEM

The present inconsistency in policy between the Veterans' Administration construction program and Federal aid to non-Federal hospitals under the Hill-Burton Act should be ended. Inadequacies exist in the Nation's hospital plant. The Federal Government has recognized the need for aid in remedying them, and is now giving such assistance.

This effort would be furthered by placing Federal cases in non-Federal hospitals on a reimbursable basis wherever it is efficient to do so, instead of further enlarging the Federal hospital plant. In that way, many veterans could be cared for near home in their community hospitals.

If beds are inadequate for Federal patients, extension of assistance in construction on a grant-in-aid basis, under which the Federal government pays only part of the cost and the community bears the rest and assumes responsibility, should be the method of choice. This step is further indicated because the Federal government is dependent upon voluntary and other community teaching hospitals for undergraduate and post-graduate training of medical personnel, and for the advancement of medical science by joint efforts with the medical schools affiliated with them. Many of these hospitals are in financial trouble. They are vital resources of the Nation. They, together with other community hospitals, should be utilized and not

weakened by unrestricted Veterans' Administration hospital competition.

#### BENEFICIARIES

Clear definitions by Congress as to beneficiaries entitled to medical care from the Government, and as to how it may be given, are essential for sound planning. The question of the Government's decision to assume the financial burden for medical care should be separated from the entirely different question of giving the care in Federal hospitals.

*As to dependents of armed forces personnel.*—The same policy must apply to all three services. The right to such care has been held out as an inducement, and is a morale factor. The question is really one of pay of the armed forces, except overseas and in posts in this country remote from adequate community facilities and professional personnel where the right to such care is an essential part of military medicine. As part of the compensation of armed forces personnel, the Government either should arrange directly to pay, under proper controls, for care of dependents in community facilities in acute—not chronic—cases, or should provide a health insurance premium in a nonprofit insurance plan for dependents.

*As to veterans with non-service-connected conditions.*—The present situation is inequitable to the veteran and unsound and expensive for the Government. Whatever care is given should be accorded in the facilities, whether Federal or community, in which it can be furnished most efficiently and with optimum utilization of scarce professional personnel.

We do not consider it to be the function of a committee largely composed of professional medical members, and presumably selected for technical qualifications, to determine the basic question of philosophy of government as to how much the Government owes to its veterans. But a basic clear decision must be made by Congress between giving care to all veterans more or less irrespective of financial need, or to those with non-service-connected conditions only if they are in real need. In any case, there is no necessity for financial screening of chronic cases, as substantially all of these are soon made medically indigent by their disease. They would be a charge on the public in any event.

As to the acute (temporary) cases, if Congress adopts the second of the above alternatives, a possible method would be to offer a health insurance plan which would include professional care. As to veterans unable to pay the premium for this, payment would, on determination to this effect, be made by the Government. Under such plan, veterans who neither take out the insurance themselves nor arrange, because of financial inability, for the Government to do it for them, would not be entitled to care for non-service-connected conditions, except of course

emergencies which no hospital would refuse. Such insurance might be supplied by extension of existing nonprofit plans, or, if this should not prove practical, this purely voluntary insurance could—if necessary—be written by the Government itself for this class of its wards.

#### AS TO ARMED FORCES MEDICINE AFTER SUCH CHANGE

Unification of medical services supporting the armed forces would be most efficient. But it must be geared to the extent of unification of the services themselves. Medicine cannot be merged alone. But duplication can be avoided by assigning responsibility in each overseas area to one service to give hospital care for all. Further, there should be supervision by a deputy—preferably an Assistant Secretary—of the Secretary of Defense, with broad power, aided by an advisory committee including civilian doctors.

#### DRAFT OF DOCTORS

The above proposals will greatly reduce armed forces medical requirements, but not sufficiently to avert a draft. The draft should be limited for the present to the Army Special Training Program and Navy V-12 graduates who have rendered no service—of which there is a pool of about 8,500—and thereafter to others who have been deferred to pursue their medical education.

#### MEDICAL PROTECTION SHOULD WAR OCCUR

The above hospitalization plan is a sound and necessary measure for national defense. The overwhelming shortage of doctors which war would create would thereby be met by optimum utilization of those we have. Not only would the proposed single Federal hospital system reduce the need for doctors and enable them to care for Federal beneficiaries without leaving their communities, but it would also assist in saving doctors because it could be fully integrated with non-Federal hospitals. In an atomic age, physicians cannot be taken from their communities as they were in the last war. To do so would destroy essential civil defense.

#### PUBLIC HEALTH AND RESEARCH FUNCTIONS

These would be centered respectively in two divisions of the National Bureau of Health, which would take over existing functions of these kinds.

#### AID TO MEDICAL SCHOOLS

Many schools are in serious condition. Government aid will probably be necessary, and is urgent. Yet adequate facts on which to base the extent of, or to beam intelligently, the aid required are not now available. There should be a short range survey immediately made by the Public Health Source to determine the real needs for



emergency aid, amplified later by a longer range study. Any aid must be given in a manner to maintain the professional independence and the initiative of the schools, and in a way which will increase the output and result, partially at least, in meeting especially acute present deficiencies.

#### MEDICAL SUPPLY

A unified supply system for medical items—those used to treat patients—would effect a great saving. It could cut the present total of Federal medical depots to about one-third of those now operating. If the armed forces will make medical supply a responsibility of one of the three services, so that it could be assured of single and effective management, the service so selected should conduct supply for all the armed forces, the National Bureau of Health and other incidental Government needs. Otherwise, during peace the National Bureau of Health should supply the armed forces, with armed force personnel detailed to its supply system. A unified medical supply, including standardization of items and assemblies and a single system of depots, is also necessary as a medical protection should war occur.

#### OVER-ALL SUPERVISION

There is needed a strong, but small top-level organization to carry forward on a permanent basis the studies begun by our committee. It should be aided by a medical advisory committee, and should go beyond the purely negative control of trying to hold down budgets. It is requisite because the necessity for a separate medical service for the armed forces prevents a complete unification of Federal medicine, making continuing supervision necessary to prevent duplication between military and civilian medicine. More than an occasional glance at possible duplication in the armed forces themselves might also pay dividends.

We express unanimously our anxiety concerning the dangers in uninhibited expansion of Federal medical expense and our conviction that strong measures are necessary to control it. If all present objectives cannot be provided for within the Government's capacity to pay, our report offers suggestions for priorities.

#### AN AFFIRMATIVE APPROACH

Just as the medical profession developed a defensive attitude through preoccupation with treatment of the sick, so Federal medicine has, to a large extent, developed negatively with patient care as its principal function.

Transcending in importance any of our other recommendations, is the need to outflank disease by giving the highest priority to research, preventive medicine, public health and education.



First is the need for maximum employment of present scientific knowledge to control disease. But beyond application of present knowledge lies research to find new weapons. Research and public health together since the turn of the century have made it possible to postpone by about 20 years the death of the average new-born child. Medical research has conquered plagues and numbers of mortal diseases. It is today a resourceful, potent force of incalculable humanitarian, national, and world value. It is also imperative to maintain constantly a high level of medical research activity as a protection to us in war. Such research must be stimulated, and supported to the extent which may prove necessary, to the maximum potential of the skilled manpower available to conduct it.

Since the Federal Government now has wards totaling one-sixth of the Nation to which it gives varying degrees of care, and since it faces an enormous growth in veteran hospitalization as World War II veterans grow older, the Treasury can be protected best by using every means to prevent disease rather than by unlimited hospitalization to treat it. This will also promote both the national welfare in peace and a stronger manpower to preserve our security in war. The highest priority in Federal medical expenditures should, therefore, go to the research, preventive medicine, and public health fields. We must not just treat patients. We must, and to a large degree we can, if we will, control disease.

## INTRODUCTION

### TO THE COMMISSION ON ORGANIZATION:

Acting on your mandate from the Congress, you appointed us to study the organization and functioning of all Federal medical services—those in the armed forces being at first excepted but later added—and to recommend those changes we thought necessary to promote economy, efficiency and improved service. You instructed us to approach this task courageously without undue regard for traditional functions or existing organization.

Pursuant to your chairman's instructions, and in accordance with the statute creating the Commission (Public Law 162, 80th Cong.), our recommendations are directed not only toward limiting expenses and eliminating duplication and overlapping, but also toward consolidating like functions and, where necessary, abolishing services and functions as well as defining and limiting them.

According to your chairman's instructions, we have proceeded upon the assumption that the Commission will recommend a new cabinet-level department embracing health, education, and security, in which the broad field of health will be one of the three major functions; also that standard Government nomenclature below the department level will be "bureau" and thereafter "division." We, therefore, describe the health organization which we propose as the National Bureau of Health in such new department.

The above instructions excluded from our consideration the question as to whether a separate Cabinet department would be established for health alone, as urged by professional groups. However, should this be done, the organization which we are proposing would be adapted to such plan with only a few changes in nomenclature.

We have proceeded upon the basic principle that whatever medical care the Federal Government provides must be of the highest quality which can be sustained by the best possible organization of the strictly limited human resources available.

During the war, a high standard of medical care was given to our armed forces by putting into uniform a large segment of the country's leading specialists of military age. The spectacular results of this care in reduction of mortality and in restoration of sick and wounded to health are too well known to need elaboration. Only such a standard can be the guiding principle for any sound Federal organization.

We are convinced that a basic reorganization is essential; that

without it such a high level of medical care is impossible to maintain; that without it, we will have a disorganized, inefficient, and extravagant series of unrelated projects; but that with it, it will be possible not only to create a Federal medical service which will give better care to the Government's direct beneficiaries but also to provide the needed help to voluntary and State agencies to push on toward the goal of a stronger and healthier Nation.

Because of the profound impact of Federal hospitalization upon the medical care of the Nation as a whole, we found it essential to explore the relationship of Federal medical and health activities to those of State and local governments, community hospitals, and medical schools. The crucial shortages in medical manpower cannot be comprehended or dealt with if these are not considered. In doing this, we are thoroughly aware of the boundaries beyond which Federal action would jeopardize local government and stultify the initiative of private activity. We have sought to avoid any course by which the Federal Government would overstep such proper bounds.

We believe that compulsory national health insurance is not a question of Federal medical service as you employed these words in describing our task; but rather that it is a question of broad philosophy and policy of government. As such, we feel that it is outside our terms of reference.

You have instructed us to indicate the priority of recommended activities. We have attempted to do this. We emphasize the importance of giving a very high priority to research, preventive medicine, and public health activities. The most expensive and most damaging policy is to focus attention and funds principally on hospitalization, while at the same time neglecting research, preventive medicine, public health, and education. We have sought to avoid such a negative approach. Instead, we have recommended a long-range frontal attack upon diseases which impair the health and productivity of the Nation. We believe that in the long run emphasis on preventive measures will not only reduce immeasurably the cost of Federal medical services, but also strengthen the security of the Nation and improve the welfare of our people.

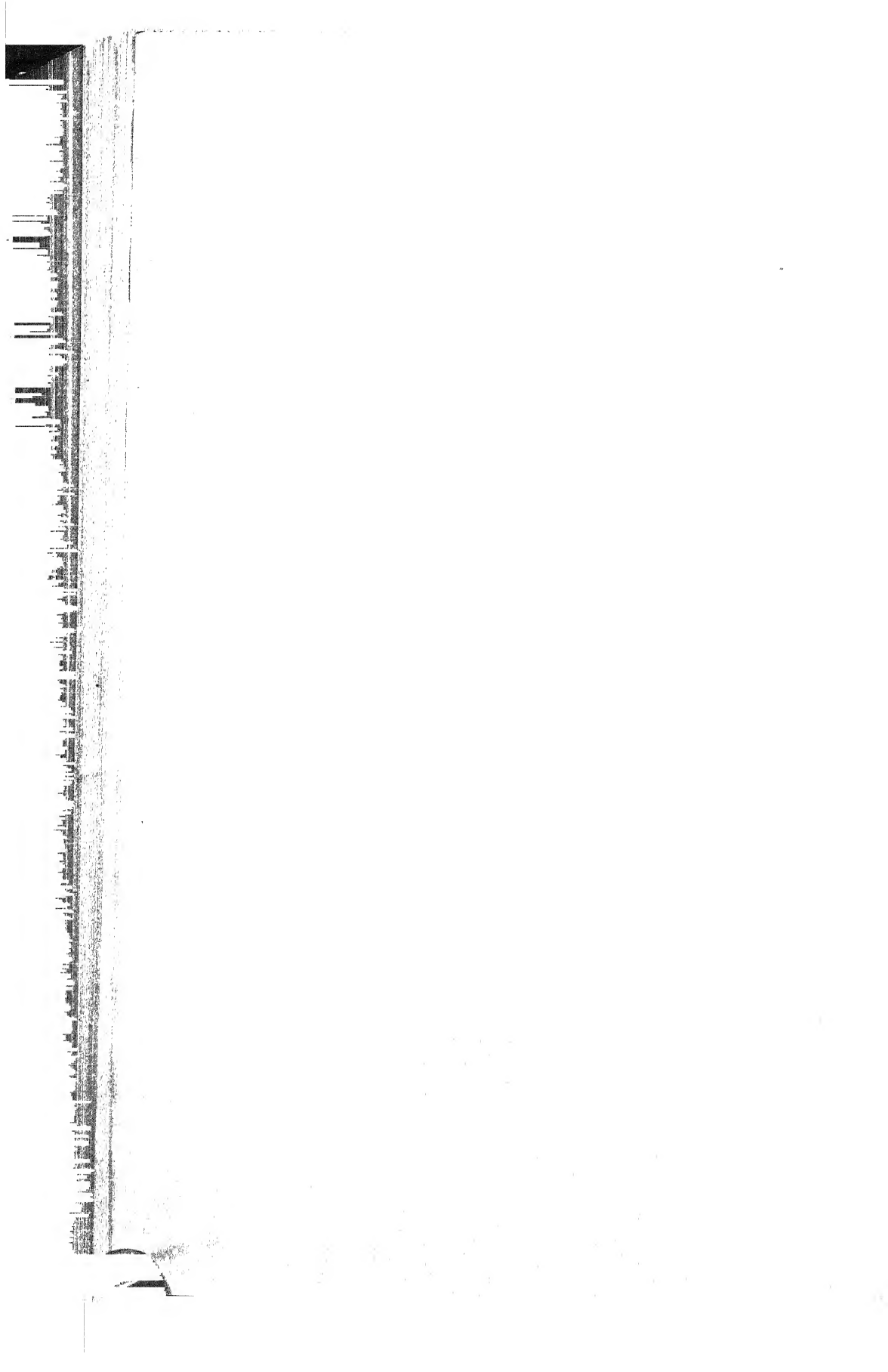
We fully realize the challenge and the magnitude of our task. To carry it out, we followed the Commission's example of dividing our work among task forces, each of which includes the committee members, or in some cases other experts, best qualified to deal with the particular subject assigned. They, with our advisors and our full-time staff, have devoted months of painstaking effort to these studies. Our method of organization and list of personnel are set forth in the appendix.

We assembled, digested, and studied reports previously made dealing with this general subject. From many of them we have

learned much. We informally consulted with Federal agencies and professional organizations, and invited their representatives and those of various veterans' groups to appear before our committee. The information and opinions so received have been extremely helpful.

The reports of our task forces, most of which were subcommittees, constitute the background for this report. They give a fund of basic information and a body of informed opinion which furnish a foundation for the solution of the problems referred to us. The most important task force reports are submitted as appendices, but are bound separately. Additional detailed material of potential future usefulness will later be assembled for the Commission's records.

We pointed our work toward determining a basically sound organization for Federal medical services, the reasons for it and its relationship to non-Federal services, and erecting certain signposts as to how the new organization might proceed. So conceived, our assignment became possible. But implicit in this limited definition of our function is the necessity for inclusion in the organization which we propose of a permanent unit to continue such studies as our committee has begun and as our work has proved necessary. Our studies can then be used as a basis for more detailed analyses not possible in a survey limited to a period of months. Recommendations for this are included herein as a matter of the highest importance.



## Chapter I

# THE MAGNITUDE AND ORGANIZATION OF FEDERAL MEDICAL ACTIVITIES

The Government is now responsible for medical care in varying degrees for almost 24,000,000 people, or about one-sixth of the entire population. By 1947 it was expending well over \$1,000,000,000, five times the 1940 cost. By fiscal year 1948 this cost jumped another 20 percent. For fiscal year 1949, the appropriation allocated to the Veterans' Administration medical program alone (almost half of which is for construction of new hospitals) approximately equals the expenditures of all agencies in fiscal year 1948. The total Federal medical budget for fiscal year 1949 is estimated at \$1,923,000,000.

One estimate, which we believe to be too conservative, fixes 175,000 to 200,000 as the number of Veterans' Administration beds required in 20 to 25 years. Another estimate (made by the American Hospital Association) indicates that, assuming continuation of present policies and rates of hospitalization, requirements for hospital care for veterans alone will probably triple in about 20 years, requiring 300,000 beds.

Even if only service-connected cases and chronic nonservice-connected cases—the latter being almost all medically indigent—should be given care, a study (made for us in the Metropolitan Life Insurance Co.) indicates need for 250,000 beds by 1975, and that of these three-fourths would be for mental cases. In all of the above, we are assuming that no further war will occur.

The present Federal hospital building program for the next three years includes \$1,100,000,000 in hospitals for the Veterans' Administration alone, several of the smaller ones costing over \$30,000—and one over \$51,000—for a single bed.

Projects for Federal hospital construction desired by other agencies bring the total current expenditures proposed or under consideration roughly to \$1,300,000,000 for about the next 3 years, exclusive of \$75,000,000 annually to aid non-Federal hospital construction.

## Devoid of Any Central Plan

The most striking impression made upon us in our study is that this enormous Federal medical project has been entered into and is now being conducted without any central plan, without even any clear decision as to certain of the large classes of the beneficiaries to be covered, with no estimate of the ultimate cost or of the effect upon other health measures for the nation.

Four great agencies in the medical field, and various smaller ones, obtain funds each year, erect their own hospitals to care for their own clientele, and compete with each other for scarce personnel, with no regard for the facilities available in, or the needs of, the other agencies, and without any over-all plan. As matters now stand, the Government is moving into uncalculated obligations without consideration or understanding of their ultimate cost. It is proceeding with no adequate thought as to whether it can staff its hospitals to give good care, and without any unified plan as to how to do the job.

One conclusion fundamental to all others is inescapable: There must be over-all planning. This in turn requires a clear definition of the extent of the responsibilities, and an organization appropriate to carry out the commitment.

## General Outline of Activities

Federal medical activities run along two principal lines: (1) Activities promoting the general health of the public as a whole, and (2) direct medical care of Federal beneficiaries.

The second of these constitutes 85 percent of total expenditures. Such care is given primarily in Federal installations, and in varying degree to the following principal groups: (a) Veterans; (b) armed forces personnel and their dependents; (c) Coast Guard and other quasi-military personnel and their dependents; (d) merchant seamen; (e) Federal prisoners; (f) Indians; and (g) civilian Federal employees.

The independent, uncoordinated direction and execution of the principal activities is distributed among at least seven major departments and agencies. There is no over-all central direction or planning of these diverse activities except as the Bureau of the Budget may act as a brake on expenditures.

The chief Federal agency for public-health activities and research is the Public Health Service. But the Food and Drug Administration,

the Department of Agriculture, the Children's Bureau, and other agencies separately carry on certain of such functions in the interests of the public at large, and the armed forces conduct extensive programs for military personnel.

The direct medical care of patients is largely a function of the Veterans' Administration, the Army, the Navy, the Air Force (which has no separate medical department but is seeking to establish one which will be independent except that it will exclude general hospital care); the Federal Security Agency through the hospitals of the Public Health Service, St. Elizabeths Hospital and Freedmen's Hospital; the Bureau of Indian Affairs of the Interior Department, and the Department of Justice. Limited medical services are also rendered by other Government departments, e. g., to civilian employees under industrial hygiene type programs.

Generally, each agency has its own medical personnel and installations. However, the Army furnishes personnel for the Air Force, and the Departments of Interior and Justice in varying degree make use of medical personnel detailed from the Public Health Service.

The following table gives an idea of hospital beds and their utilization in the major agencies as of June 30, 1948.

Agency	Beds		Patients	
	Capacity	Operating	Number	Percent of total beds
Total.....	255, 601	200, 336	155, 882	61. 0
Department of National Defense.....	105, 061	58, 128	32, 683	31. 1
Army and Air Force.....	70, 419	33, 626	18, 725	26. 6
Navy.....	<sup>3</sup> 34, 642	24, 502	13, 958	40. 3
Federal Security Agency.....	16, 641	17, 738	14, 027	84. 3
Public Health Service.....	9, 143	10, 240	7, 300	79. 8
Other <sup>1</sup> .....	7, 498	7, 498	6, 727	89. 1
Department of Interior.....	<sup>4</sup> 4, 074	3, 872	2, 407	59. 1
Department of Justice.....	2, 754	2, 205	1, 216	44. 2
Veterans' Administration <sup>2</sup> .....	127, 071	118, 393	105, 549	83. 1
All other agencies.....	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	-----

<sup>1</sup> Includes St. Elizabeths and Freedmen's Hospitals.

<sup>2</sup> Includes both hospitals and domiciliary homes; in latter there were 14,259 patients.

<sup>3</sup> Dispensaries included at operating capacity.

<sup>4</sup> Excludes a very small number of beds and patients in dispensaries of the Coast Guard and the Maritime Commission.

While of course there are important functions other than hospital care, the numbers of hospital beds and patients are convenient yardsticks with which to measure the direct hospital program of each agency.



The following table represents the obligations for all health and medical services of the major agencies in the fiscal year 1948:

Agency	Obligations	Percent of total
Total.....	\$1, 246, 315. 746	100. 0
Veterans' Administration.....	759, 748, 289	61. 0
Department of National Defense.....	249, 794, 373	20. 1
Army and Air Force.....	161, 409, 391	13. 0
Navy.....	88, 384, 982	7. 1
Federal Security Agency.....	184, 263, 060	14. 8
Public Health Service.....	126, 691, 597	10. 2
Other.....	57, 571, 463	4. 6
Department of Agriculture.....	16, 528, 243	1. 3
Atomic Energy Commission.....	15, 119, 455	1. 2
Department of Interior.....	9, 676, 833	. 8
Department of Justice.....	1, 607, 296	. 1
All other agencies.....	9, 578, 197	. 7

Of the aggregate annual expense in 1948 of \$1,246,315,746, the Veterans' Administration spent about 61 percent, Federal Security Agency 15 percent, Army and Air Force 13 percent, and Navy 7 percent.

Of the gross total of 1.25 billion, about 70 percent was spent for inpatient hospital care (including construction) and another 14 percent for outpatient care. These ratios vary for the different agencies.

Only 3.9 percent of the total was spent for all aspects of research, and 8.9 percent for preventive medicine and public health, which present the only means of holding within reasonable dollar bounds the future costs of hospitalization and other curative treatment. Most of the agencies charged with providing medical care for their own beneficiaries are so preoccupied with this immediate demand that research and prevention are of secondary importance.

It is estimated that aggregate expenditures of the country as a whole for health and medical care currently amount to about \$9,000,000,000, of which the Federal portion (in 1948) was approximately 14 percent.

There are an estimated 1,425,000 hospital beds in the various hospital systems of the country as a whole, grouped as follows:

Hospital system:	Number of beds
Total.....	1, 425, 000
Voluntary.....	395, 000
Government.....	1, 030, 000
State and local.....	830, 000
Federal (operating).....	200, 000

Thus about one-seventh of all the hospital beds in the country are under the control of some Federal agency. In addition, the Veterans' Administration is planning or has already contracted for the

construction of 55,000 additional beds, of which 10,650 are under construction, presumably as replacements for beds in obsolete or temporary hospitals. The armed forces plan an additional 5,000 and the other agencies substantially fewer.

In summary, then, a substantial fraction of the medical service in the country is now under direct Federal control; the Veterans' Administration is by far the largest of the Federal medical care services; and further increases in the magnitude of the Federal medical effort are to be expected.

## **Beneficiaries of Direct Care**

Federal beneficiaries are the basis on which the structure of governmental medicine rests, for all but 15 percent of the 1948 expenditures was for the direct care of patients. At one extreme are members of the armed forces and their dependents, merchant seamen, and other lesser groups totaling upwards of 3,000,000 persons, all entitled in substance to complete medical care. At the other extreme are 2,000,000 employees of the Federal Government whose coverage is limited to industrial accidents and outpatient care of the industrial-hygiene type. Veterans, estimated to number 18,500,000, constitute the bulk of the population of beneficiaries. Although today the great majority of the veterans are entitled to care on the basis of service in World Wars I and II, one must not overlook the future eligibility of present and future personnel of the military establishment, now being maintained at greatly increased strength. For this reason the veteran population is a growing one.

## **Chapter II**

### **WEAKNESSES IN THE PRESENT ORGANIZATION OF FEDERAL MEDICAL SERVICES**

Congress clearly stated the objectives of the Commission as the consolidation of similar functions, elimination of duplication, and promotion of economy and efficiency. It is plain from the foregoing outline of the present activities why there is no provision for joint planning and integration of effort, for Federal health functions have been clustered in a haphazard fashion about independent groups of beneficiaries. Such lack of plan necessarily results in unrelated systems of hospitalization and medical care. But what is the price for this lack of integration? After much thought we decided to approach this question from a number of very different points of view, and chose the following means to spotlight the adequacy of the present organization:

- A. Survey of Federal hospitalization by areas.
- B. Study of the management of the two disease groups which require the largest Federal expenditures—tuberculosis and neuropsychiatric illness.
- C. Examination of the Federal hospital construction program.
- D. Comparison of lengths of stay in Federal and non-Federal hospitals.
- E. Analysis of supply and demand in medical manpower, first for the armed forces and then for the Federal medical services as a whole.
- F. Scrutiny of the definition of those entitled to medical care.

#### **A. Spotlight on Federal Hospitalization by Areas**

Surveys in New Orleans, New York City, San Francisco, Los Angeles, and San Diego, and investigations of special situations in several other areas, show that the present organization is important in the effective utilization of Federal hospitals and medical manpower.

## 1. NEW ORLEANS

There are five Federal hospitals, all within a radius of 5 or 6 miles from the center of New Orleans, with a total capacity of about 1,600 beds. At the time of our survey their situation was as follows:

Agency and hospital	Beds		Patients
	Capacity	In operation	
Total.....	1, 620	1, 278	913
Veterans' Administration general hospital.....	670	579	477
Public Health Service general hospital.....	500	572	365
Navy station dispensary.....	150	27	28
Navy Air station dispensary.....	100	25	2
Army station hospital.....	200	75	41

The two general hospitals were completely staffed with about 100 full-time qualified physicians representing all the specialties and backed by able local consultants. They are closely associated with the local medical schools, and are actively engaged in residency training and research. They are able to give medical care of excellent quality.

On the other hand, the smaller Army and Navy hospitals are not satisfactorily staffed in point of quality to give the best medical care even of the station-hospital type. Further, patients needing prolonged or highly specialized treatment must be sent to Army and Navy general hospitals in San Antonio, Houston, Pensacola, and other locations many miles away.

Lack of over-all planning for Federal hospitalization here results in a waste of physical facilities and of scarce manpower, and in a relatively poorer quality of care for military personnel. The patient-load regularly carried by these Army and Navy hospitals is so small that it could apparently be absorbed by the Public Health Service hospital, where much better care could be given, and from which men would seldom have to be sent to more distant hospitals. Instead, the Public Health Service hospital now provides about 175 beds for veterans (which on net balance serves merely to add this number to the total of non-service-connected cases provided for by Veterans' Administration) and 10 beds for Navy obstetrical patients. It is certainly not an obligation of a Public Health Service Marine hospital to give such care to veterans. In effect, at present, armed forces personnel are being given a lower standard of treatment simply because, under the present system, there is no pooling of resources.

Closing of the three small armed forces hospitals, which now cost several hundred thousand dollars annually to operate, would leave as the only requirement the provision of dispensary (outpatient) facilities on the military posts themselves. Such dispensary care would

require only a few of the 12 doctors now staffing the 3 hospitals. Thus, at a time when both the Army and Navy are short of medical manpower and plan for a draft of doctors, well over half of the armed forces medical personnel in this area might be saved by unified hospital planning and better care could be given military personnel.

## 2. NEW YORK CITY

There are 11 major Federal hospitals in New York City within a radius of 20 miles with good transportation connections. These hospitals have a total capacity of 8,257 beds, an operating capacity of 6,949 beds, and when surveyed held 5,330 patients, or 77 percent of operating capacity and only 65 percent of total capacity. About 7,000 people were employed in these hospitals, including 630 full-time physicians. At the time of our survey the situation was as follows:

Agency and hospital	Beds		Patients
	Capacity	In operation	
Total.....	8, 257	6, 949	5, 330
Veterans' Administration:			
Bronx.....	1, 670	1, 542	1, 397
Holloran <sup>1</sup> .....	1, 500	1, 125	1, 005
Manhattan Beach <sup>2</sup> .....	400	350	304
Public Health Service:			
Neponsit Beach <sup>3</sup> .....	250	300	257
Staten Island.....	869	1, 050	745
Ellis Island.....	435	454	300
Army and Air Force:			
Fort Totten General.....	121	100	48
Fort Jay Station.....	350	284	164
Fort Hamilton Station.....	300	100	36
Mitchell Field Station.....	250	143	87
Navy:			
St. Albans.....	2, 112	1, 500	987

<sup>1</sup> Owned by New York State, but return not yet planned.

<sup>2</sup> To be returned to Public Health Service.

<sup>3</sup> To be returned to New York City.

One of the Veterans' Administration hospitals is affiliated with a medical school, and all of the Veterans' Administration hospitals have well-qualified specialists and consultants on their staffs and provide medical care of excellent quality. The Public Health Service hospitals have qualified specialists and a good training program, making use of consultants from the New York City medical schools. The Navy hospital is from 8 to 18 miles from the surrounding Army and Air Force installations, is well-staffed, has active consultants from the medical schools, and is able to provide medical care of high quality. The four Army and Air Force hospitals, which include one small general hospital, are not able to give a quality of medical care commensurate with that available in the other Federal hospitals.

In the Veterans' Administration hospitals, 83 percent of the 1,774 general medical and surgical patients were being treated for non-service-connected disabilities. In the Navy hospital approximately one-third of the patients were veterans and dependents. In the Army hospitals 28 percent of the patients were dependents. The Fort Totten Army hospital acts as an Army center for obstetrics in the area, with half of its patient-load consisting of dependents. The hospital at Fort Hamilton was the Army center for children, 35 of its 36 patients being children at the time of survey.

As an illustration of what might be possible, it appeared to us that the Veterans' Administration hospitals could absorb the Veterans' Administration patients now in the Navy hospital, raising their utilization of constructed capacity from 76 to only 82 percent; that the 335 patients (including 94 dependents) in the Army and Air Force hospitals could then be cared for in the Navy hospital, where, in this area their care would be of better quality, changing the utilization from its present 66 percent of operating capacity to about 75 percent. (This could be done even without change in the policy of caring for dependents.) Four Army and Air Force hospitals could then be closed; only dispensary (outpatient) care would then be required at the posts concerned. Such steps would save many hundreds of thousands of dollars in annual operating costs, reduce the Army and Air Force medical officers by 80-85 percent and at the same time provide better medical care for service personnel.

As in New Orleans, we found in New York City that the absence of integration of the Federal hospitals produced a waste of physical plant and an extravagant utilization of medical personnel by the armed forces. Moreover, priority in the limited amount of high-quality care available in Federal hospitals is being given to veterans with non-service-connected disabilities (entitled to care only if a bed is available) at the sacrifice of armed forces personnel to whom the Government owes an unqualified obligation.

We also believe that there is grave danger that the present situation will worsen if not corrected by vigorous measures. All but one of the major Federal agencies with hospitals there have ambitious plans to construct new hospitals. In so doing, they are acting independently of each other and of the program of the State and city, and with insufficient consideration of the availability of professional personnel.

It seems probable that these construction programs will lead, at great expense, merely to a large unused capacity. Of the 8,257 Federal bed capacity in the New York City area, 3,133 are temporary, most of these being the 2,100 beds at St. Albans. This leaves about 5,124 beds in permanent construction compared with a patient load for all agencies of 5,330 patients, including dependents and veterans with non-service-connected disabilities. These comprise almost half the total number of patients.

In addition to putting up a new 1,000-bed hospital in Newark, and another of 1,965 beds in nearby Peekskill, the Veterans' Administration is already building a new 981-bed hospital in Brooklyn, and the Army, Navy, and Veterans' Administration together are planning four additional hospitals with a capacity of 4,500 beds. Thus under this program the present permanent plant of 5,124 beds would soon be more than doubled, with a projected capacity of 10,335 beds, which would be approximately twice the present patient-load.

With all possible allowances, including the return of Halloran to the State of New York and the planned increase in the size of the military establishment, it is difficult to see the wisdom of so huge a construction program. Apart from the hospitals in Newark and Peekskill (excluded from the analysis), this will cost \$105,200,000. We are convinced that these plans could be radically reduced by central planning, based on the area as a whole.

Apart from cost, there is the problem of staffing. Difficulties are already being encountered in obtaining physicians for Federal hospitals. Yet in the New York area alone, a hospital-construction program has been formulated which would double present requirements for physicians.

A highlight is provided by a recent announcement of a new permanent Navy cancer hospital being constructed at the St. Albans site. The construction contract for \$14,800,000 includes a betatron for cancer radiation that is said to be "the largest ever built for cancer therapy." We question why the care of cancer patients, except minor superficial cases, should be a responsibility of the armed forces at all. Patients with cancer requiring deep radiation therapy can rarely be of further military value.

Another highlight is provided by the fact that the New York Hospital-Cornell Medical Center (one of the two or three finest hospital plants in the world with an outstanding medical staff) has 150 beds closed because of nursing shortage. Here there is no medical staffing problem, no construction required, and the highest type of care for the most difficult cases could be provided on a reimbursable basis. Instead, the new Federal hospital construction tends further to strip the existing hospitals of nurses by outbidding them. Integration of Federal planning with the non-Federal hospital system is presently wholly lacking, although under the Hill-Burton Act assistance to local hospitals is a Federal policy.

### 3. SAN FRANCISCO

The same lack of coordination among Federal hospitals exists in San Francisco, as was found elsewhere, with, in general, the same evils. Exclusive of specialized (tuberculosis and neuropsychiatric) Veterans' Administration hospitals, there are 13 Federal hospitals in this area, representing all the major Federal medical services. They have a

total capacity of 9,905 beds and a patient load of 4,180. The analysis showed that a more efficient utilization of these facilities by proper coordination of their activities would probably permit the closing of 7 of these 13 hospitals, representing almost a fifth of the total bed capacity and providing a uniformly high quality of medical care. Even with all the patients now in these 13 hospitals cared for in the remaining 6 hospitals, the total occupancy rate would be only 54 percent of their constructed capacity.

Moreover, the Army and Navy requirements for physician personnel in this area could be reduced by about 10 or 12 percent, even with a generous allowance for dispensary (out-patient) needs. This does not include considerable savings which might accrue from a change of policy in the care of contingent beneficiaries, i. e., dependents and veterans, who constitute approximately 40 percent of the patient load in the Army and Navy hospitals in this area. If medical care for these dependents and veterans were provided by other means, as later proposed, armed forces requirements for physicians in this area could be reduced by another one-third of the present total.

The local need for hospitals around San Francisco is considerable. At present the Federal Government under the Hill-Burton Act is financially aiding construction of new hospitals, while at the same time holding beautiful, modern hospitals in the area of which it is not making effective use. For example, the new Navy hospital at Moffett Field is largely unused (average daily census, two patients during fiscal year 1948) but there is need for hospital beds in the surrounding local area. Further, plans are being worked on looking toward the construction in this area of three more permanent Federal hospitals to provide a total of over 3,000 additional beds at a cost of perhaps \$70,000,000, despite the fact that the permanent Federal hospitals now there could accommodate the entire patient load with a total occupancy rate of only 68 percent.

#### 4. LOS ANGELES

The survey showed that probably five Navy hospitals, representing about 30 percent of the total capacity in the 12 Federal hospitals in Los Angeles, could be closed under a unified hospital plan.

In this area the armed forces are using about half of their doctors in the care of patients other than personnel on active duty. If this care of "supernumeraries" were provided for by other means, the Army's hospital could be closed, in addition to the closing of Navy hospitals above-mentioned, and all active duty military personnel in the area could be cared for in one Navy hospital. This would reduce the requirements for Army and Navy doctors in this area by almost one-half.

At Corona, the Navy is maintaining a center for chronic patients (tuberculosis and paraplegia), although almost none of such patients



will ever return to active military duty and should be transferred to the Veterans' Administration. This might well save the government the \$21,000,000 cost of the proposed new Veterans' Administration hospital of 1,000 beds in this area.

#### 5. SAN DIEGO

There are 10 Federal hospitals, all but 2 within a radius of 15 miles. The survey showed an even greater dispersion of medical resources with resultant inefficiency in their utilization. The total number of patients (1,611) in the area (veterans, dependents, and other supernumeraries included), amounts to just about the operating capacity of one of the Navy's general hospitals in this area. With the possible exception of the patients at two of the hospitals, all of the patients in the small hospitals could easily be accommodated at the one large general hospital, providing a uniformly better quality of care and a considerable saving in personnel utilization.

In addition to the above more comprehensive area surveys, we noted several other special situations:

*Houston.*—For example, in Houston, Tex., a 1,000-bed Navy hospital was built at a cost of \$12,000,000 during the war. It had been approved originally with the express understanding that it would revert to the Veterans' Administration as a postwar facility. Yet because the Navy has now decided to keep it, the Veterans' Administration is letting bids for a new 1,000-bed hospital at an estimated cost of \$25,000,000 immediately adjacent to the Navy hospital. At the time of our study the Navy hospital had only 437 patients, of whom 304 were veterans, and only 124 were Navy personnel. There are no major Navy installations in this area. During the past 2 years active duty Navy patients have occupied only an average of about 10 percent of the total capacity of this hospital. The Navy is now making this hospital a neuropsychiatric center. However, the Navy now has 26 general hospitals with a total constructed bed capacity of about 28,000 beds (only about 46 percent of which are occupied). They have only about 900 neuropsychiatric patients. Under a unified over-all Federal plan, transfer of this hospital would be possible, saving the entire cost of building and operating the proposed Veterans' Administration hospital.

*Honolulu.*—In Honolulu the Army has just opened, 3 years after the war, the new 1,500-bed Tripler General Hospital. It was completed in spite of the fact that the adjacent Navy hospital, only 7 years old and of permanent construction, could meet all current needs of armed forces patients in the area. The original plan was for an Army hospital costing \$11,000,000, but finally over \$37,000,000—\$25,000 per bed—has been spent. Pursuit of this building plan after the close of the war is evidence of what lack of unified planning can cost, since

the Army went ahead without counting upon availability to it of Navy beds.

#### SUMMARY

In these area surveys there exists a similar pattern of duplication of physical facilities, waste of scarce medical personnel, inadequate quality of medical care for armed forces personnel at smaller installations and unwarranted construction of new facilities—all resulting primarily from the lack of a central plan for Federal medical care. More specifically:

1. Too many small military hospitals are kept open when efficiency in utilization of personnel requires concentration of patients in centers: Taken together the military hospitals, with a constructed capacity of 21,555 beds and a presently operating capacity of 12,851 beds, contain about 7,800 patients, giving occupancy rates of about 36 and 60 percent respectively.

2. Too large a part of the medical resources of the armed forces are devoted to the care of civilians, veterans and dependents of military personnel. Of the total 7,800 patients in these armed forces hospitals only 61 percent are active duty military personnel.

3. Military hospitals continue to care for an appreciable number of chronic patients who should be discharged to the Veterans' Administration more promptly.

4. Hospital construction is planned by the major Federal agencies for their own individual needs without coordination of medical needs and resources. In consequence, one agency will build a new hospital near an empty or nearly empty hospital of another. At the present time, on the basis of existing policies, and even allowing for increase in the requirements of the various agencies, there is in these areas alone excess capital expansion under contract or in some stage of planning of an estimated cost well over \$100,000,000. This sum alone is more than twice that being expended at the present time annually by the Federal Government for medical research.

5. There are repeated instances in which contingent beneficiaries are hospitalized in a large, well staffed general hospital while many active duty military patients in the same area are cared for in small, inadequately staffed hospitals. This phenomenon occurs even when such hospitals have ample room for both military and nonmilitary patients.

Finally, it is plain from the results of these surveys that the Federal Government lacks any means of coordinating the medical programs of the separate agencies. So competitive is the environment in which they operate that no one agency can now take a Government-wide point of view. As long as this system continues, uneconomical use of medical manpower and facilities will continue.

## B. Spotlight on Certain Diseases

Shifting to a different approach, we selected tuberculosis and neuropsychiatric illnesses for special study because, together, they fill some 60 percent of Veterans' Administration beds. Measured in Federal cost, they are among the greatest disease problems. We, therefore, sought to analyze the present Federal medical set-up by appraising its adequacy as to them. Task forces on each were created. The following is a summary of their findings:

### 1. TUBERCULOSIS

Our task force (headed by Dr. Robert E. Plunkett, with Dr. Esmond Long as consultant) found that, although reduced 78 percent since 1910, tuberculosis still causes 50,000 deaths annually in the United States. There are an estimated minimum of 500,000 cases. It is essentially not an individual, but a family and community disease. Hence, it has been accepted largely as a public responsibility. The measures essential to its control are discovery, segregation, treatment, and rehabilitation.

Because it is not only a medical treatment problem, but also a public-health, social, and economic problem which affects the entire community, the several essential techniques for its control cannot be separated. Time in hospital is often only a small portion of the total period of care. Thereafter, the tuberculosis hospital cannot be operated with full effectiveness unless integrated with all other community services for control. However, several Federal agencies entered this field separately with their own hospitals as a branch of general hospital care for their beneficiaries, not primarily for control of the disease. There is little or no integration with programs of other Federal agencies or with the control programs of State and local agencies. Annual cost to the Federal Government is about \$60,000,000, or almost nine times the total grants-in-aids to States for control of the disease.

The Veterans' Administration is not soundly organized to deal with this disease because of subordination of medical direction to nonmedical personnel and the absence of a clear-cut medical line of authority.

In the Indian hospitals, there is lack of integration with other Federal agencies and State and local facilities.

The successful control of tuberculosis requires adherence to two principles, namely, that clinical treatment without regard to public health implications retards control, and that treatment of the patient is best carried on in intimate relationship with the community of which he is a part and near his family.

Both principles are violated by the present Federal system. In general Federal programs consist merely of clinical treatment. A patient is not cared for in even the Federal hospital nearest his home, but

must go to the hospital of the agency charged with his care. This weakens family and community ties which sustain the patient in his illness, and through which all control measures except hospitalization must necessarily be effected. It is not the least of the influences which make it difficult to keep patients in hospital. The necessary continuity of care in and out of hospital is destroyed.

Further, the Federal agencies spend their money with little purposeful regard for the programs of the various States and communities for control of the disease. There has been an almost complete lack of coordination of hospital planning of the Federal agencies with those of States. The same applies to hospital use and operation.

Federal programs were developed piecemeal, with little comprehensive planning.

Since State hospital needs are calculated on the basis of estimated cases in the population, including the veterans, there is presently a duplication in hospital planning.

Operation of separate tuberculosis hospital programs by five Federal agencies results in duplication and inefficiency. There is imperative need for integration.

There is a shortage of physicians specially trained in tuberculosis, especially in the Federal service. This is aggravated by lack of coordination among the Federal agencies, causing competition for, and inefficient use of, this scarce personnel.

## 2. NEUROPSYCHIATRIC ILLNESSES.

The conclusion of our task force (headed by Dr. William C. Menninger) is that no Federal program exists in neuropsychiatric fields, but only unrelated endeavors centered chiefly on the care of patients.

Its findings are that no single agency has more than partial responsibility for national leadership in this field, where over-all leadership is most urgently needed. The National Mental Health Act of 1946 is but a mere beginning in this direction.

In the main the Federal agencies engage in the treatment of psychiatric illness, and do not have preventive programs. Through grants-in-aid, the Public Health Service has recently begun to stimulate State mental hygiene programs. Out-patient care in the Veterans' Administration is strictly limited by law to service-connected conditions, although the consensus of psychiatrists is that an out-patient program could do much to prevent the development of serious, chronic disease and thus greatly reduce the need for expensive hospital care. Illustrative is the fact that nothing adequate is being done to prevent the occurrence of thousands of cases of paresis, although it is possible, and although each such parietic will cost the United States at least \$40,000 for life-time care.

Veterans' Administration hospitals now provide a quality of care approaching that of the private neuropsychiatric hospitals, and far better than that of the State hospitals.

There is an acute national shortage of psychiatrists, which is even more severe in the Federal medical services. They have about 1,000 and need an additional 900. Ancillary personnel in this field are in equally short supply. Even in residencies, 27 percent are vacant in the Veterans' Administration alone. The ratio of neuropsychiatric patients to qualified psychiatrists and neurologists in the Federal system is about 70 to one, so that only inadequate active therapy can be attempted.

In general, in the Federal medical services the authority of professional medical personnel is limited and actually subordinate to that of nonmedical personnel. This is most striking within the Veterans' Administration. This divided responsibility results in a poor administrative organization, interfering with morale and efficiency in the Veterans' Administration hospitals. There is inadequate authority in the Chief Medical Director of the Veterans' Administration.

Although the supply of personnel is inadequate, patients are hospitalized who in non-Federal systems of care would be handled as outpatients; and for equivalent cases the average length of stay in Federal hospitals greatly exceeds that in private hospitals.

Each of the major agencies has its own top administrative and planning staff for this disease.

Except for the Veterans' Administration, each agency has its neuropsychiatric patients in so many different installations that it is unable to effect the personnel economies which result from concentrating patients in centers. So uncorrelated are the programs that two Federal neuropsychiatric hospitals may exist in the same community. There is no exchange of personnel among the agencies. The cumulative effect of the independent operation of small, unrelated neuropsychiatric programs on a national scale is an inefficient utilization of a very scarce type of medical manpower.

In the face of the above extreme shortage of neuropsychiatric personnel in the Federal service, extensive plans are being made for hospital expansion. In addition to the 56,000 bed capacity available for neuropsychiatric patients in the Veterans' Administration on June 30, 1948, another 17,000 beds are being planned or are already under contract, an increase of 30 percent. These beds are needed in the national economy, but it is a grave question whether the Federal Government should erect an independent hospital system of its own, devoid of community roots, for approximately one-seventh of the total population.

## C. Spotlight on Construction Programs

Of total new beds in various stages of planning, about 85 percent consists of the Veterans' Administration program, so we limit comment to it. Last July the Veterans' Administration had under contract, or was proposing to contract for, and additional 54,000 beds in 89 new hospitals and additions to 11 others—a gross increase of 52 percent of its present operating plant of 102,219 beds. Depending upon how many of the 21,000 existing beds in 28 temporary structures (acquired from the armed forces after the war) are ultimately closed, the new construction will represent a net addition of at least one-third in Veterans' Administration beds. It will add two-thirds to the existing operating capacity in permanent construction.

The Veterans' Administration building program alone amounts to \$1,100,000,000 as presently projected, almost as much as all agencies together had spent in construction and maintenance of Federal hospitals prior to 1945. Of this amount about half had been appropriated by June 30, 1948. The plans of other agencies for construction—in various stages of consideration—may add another \$200,000,000. Including the Hill-Burton Act funds, hospital construction now in contemplation by all agencies, covering a period of about 3 years, amounts to over \$1,500,000,000.

Voluntary hospitals are reported to be still able to build efficient hospitals for about \$16,000 per bed. Compared with this, veterans hospitals cost from \$20,000 to \$51,000 per bed.

The average per bed costs of Veterans' Administration general hospitals for which contracts were let in 1948 for each of the principal size groups are:

Number of beds:	<i>Average cost per bed</i>
1,000.....	\$20, 000
500.....	22, 000
300.....	26, 000
250.....	27, 000
200.....	29, 000
150.....	33, 000
100.....	51, 000

It will also be noted that the cost per bed increases in inverse ratio to the number of beds, so that smaller hospitals cost 50 percent to 100 percent more per bed than the big hospitals. The smaller hospitals are not only more expensive but more difficult to staff on a full or part-time basis because of their remote locations. Moreover, larger installations near medical schools and metropolitan centers can be staffed

without displacing doctors from their communities, and can depend upon access to superior specialists. They have the additional advantage of proximity to sources of other important categories of supporting staff, especially nurses and attendants.

Significant facts to be noted in connection with the above figures are:

1. There is a great discrepancy between cost per bed in Veterans' Administration hospitals and in community nonprofit hospitals.

2. One reason for huge costs in Veterans' Administration hospitals is the inclusion of recreational facilities, large dining rooms in general hospitals for a convalescent ambulatory class of patients, and offices for various organizations. Such facilities are as a general matter unknown in voluntary general hospitals and would serve no purpose in similar Veterans' Administration installations if patients were promptly discharged when their real need for hospital care ceases. Veterans' Administration hospitals also include an abnormally large amount of office space for other Veterans' Administration functions (such as finance, claims, records), and other purposes not strictly medical.

3. New hospital construction is going forward at great expense although the Chief Medical Director of the Department of Medicine and Surgery, who has responsibility for the care of the patients, does not desire such construction and does not believe he can staff the hospitals.

4. Small Veterans' Administration hospitals cost disproportionately more than those with large bed capacities, both to construct and to maintain.

5. The more costly smaller hospitals are to a very large extent the ones which the Chief Medical Director of the Department of Medicine and Surgery does not want, because of his anticipated inability to staff them. They are located in areas where experience has convincingly proven difficulties in staffing. After they are built, it will be impossible to utilize fully the facilities so created and give a high standard of care. Such hospitals, therefore, mean both great cost to the Government and poorer care to the patients.

6. The large amounts of money spent on small inefficient hospitals may prevent much more essential construction of hospitals near medical centers which can give the best care to the veterans and which have proven over the past 3 years the key to the significant elevation in standards of veterans' care. Although the Veterans' Administration (which presently has 5,600 beds idle for lack of personnel) cannot, in



the opinion of either its present Chief Medical Director or his predecessor, expect to staff more than 120,000 beds with qualified personnel in the foreseeable future, the present building program will increase its bed capacity and, therefore, its present shortages of staff, by a third or more.

The problem is aggravated by poor choice of location for many hospitals. There are 17 existing hospitals with 15,600 beds for which the Department of Medicine and Surgery has stated that it is unable to provide a satisfactory professional staff. Similarly, 12 hospitals now being planned, with a total of 3,000 beds, are so located that it is not expected that they can be staffed. Another 30 with 11,000 beds can be staffed only with difficulty. Part of the above condition is explained by the taking over, after the war, of temporary Army and Navy hospitals, six of which are poorly located for Veterans' Administration purposes. But the future program also includes badly located hospitals, products not of design but of pressures. To place these hospitals where they will have difficult staffing problems, and will lack the intimate day-to-day advice of expert part-time consultants from the Nation's best teaching hospitals and medical schools means poor care instead of good care. It is a disservice to veterans and a waste of tax funds. Yet, 10 of the 28 general medical and surgical hospitals now under construction by the Veterans' Administration are in such areas.

Continuance of present policies may lead to a Veterans' Administration hospital system of 300,000 beds by 1980.

7. Finally, the Veterans' Administration's vast construction program, which is clearly required only for the care of non-service-connected cases, is thoroughly inconsistent with the other policy of the Government of aiding non-Federal hospitals under the Hill-Burton Act. It competes with them for scarce professional personnel other than physicians, pays higher wages for such personnel, drains off from such hospitals part of their patients, and weakens local support for construction of community hospitals. We believe these destructive implications are not clearly understood.

## **D. Spotlight on Patient Stays in Hospital**

Length of stay was studied as a striking index of hospital utilization. By averaging a large number of selected uncomplicated surgical procedures, we obtained a usable yardstick of the relative length of stay in Federal and in a representative number of voluntary general hospitals. We also compared the lengths of stay of active duty



military personnel with those of civilians in military hospitals. These studies showed:

Operation	Average length of stay in days <sup>1</sup>						
	Voluntary general hospitals	Public Health Service Marine	Veterans' Administration	Army general		Navy general	
				Active duty personnel	Other <sup>2</sup>	Active duty personnel	Other <sup>2</sup>
Appendectomy-----	7.8	11.9	14.3	19.6	9.9	20.3	9.6
Tonsillectomy-----	1.4	6.8	15.1	16.1	3.0	13.3	2.5
Hemorrhoidectomy-----	6.9	11.8	34.3	27.3	15.2	25.7	10.2
Herniotomy (inguinal)-----	10.3	16.0	27.0	29.4	16.1	28.1	13.4

<sup>1</sup> Patients discharged between January and August 1948.

<sup>2</sup> Excluding veterans.

This table brings into clear focus the fact that patient stays are excessive in Federal hospitals, and particularly for active duty personnel in military hospitals, if consideration is given, as it should be, to real need for bed care. The figures—particularly those for the armed forces and the Veterans' Administration—are subject to some discount because of the practice of charging the hospitals with patients while they are out on pass, as it is possible to utilize to some extent the beds of such patients. However, in the surgical procedures listed above, this discount would not be as much of a factor as in cases requiring prolonged convalescence.

Factors in these startling differences in length of stay include the following:

1. Federal hospitals give convalescent care. In military hospitals 75 to 85 percent of the patients are ambulatory.
2. In voluntary general hospitals, the economic pressure of cost to the patient, and the demand by the hospital for beds to serve others, hold the average stay down. Also improvements in professional care have significantly reduced lengths of stay in recent years. This both makes for much more efficient utilization of beds, holds down real costs and increases the volume of cases treated by scarce specialists. But this has not occurred correspondingly in Federal hospitals where economic motives operate in reverse to lengthen stays, and there is obvious indifference on the part of management in many cases to make optimum use of facilities.
3. Some part of the difference is due to hospitalization far from the patient's home.
4. Many patients are admitted to Federal hospitals with less thorough determination that hospitalization is needed. Patients are admitted and diagnostic procedures then performed; many of these

could be done in an outpatient service or otherwise without the patient being in the hospital.

5. Stays are lengthened because the medical staff is not ready, the results of diagnostic or laboratory procedures are not completed or because the appropriate consultant will not make his periodic visit until sometime later. In community hospitals, the patient is generally only in the hospital when he needs to be there and when the hospital is ready to serve him.

6. Another factor often seems to be a desire of certain agencies to maintain hospitals in operation, and therefore to maintain a good census as a basis for personnel and other allocations.

7. Administrative procedures for discharge of patients, particularly in military hospitals, cause patients requiring no attention to be retained 2 to 3 weeks at times in Army hospitals. This is reflected in the fact that such patients are in hospitals twice as long as civilians in the same institutions with the same diagnoses.

8. Stay in voluntary hospitals has been materially shortened in the last few years by early ambulation of patients, especially surgical and obstetrical cases, who are urged to get out of bed and even out of the hospital at the earliest possible date. Apparently, this development has not been widely accepted by Federal hospitals or at least their length-of-stay experience does not reflect it.

This analysis shows that stated requirements for beds in Federal hospitals and especially for military patients could be very greatly reduced. Since Federal hospitals now cost \$20,000 to \$40,000 a bed to build, such traditional easy practices of utilization are no longer acceptable. This is especially so since cutting the length of stay means that the same medical staff can take care of many more patients, reducing the shortage of doctors.

## **E. Spotlight on Medical Manpower**

While there may be some controversy over the question of an overall shortage of doctors in the country for peacetime needs, it is beyond dispute that such a shortage exists in the Federal Government. Its seriousness is stressed by the reports of two of our subcommittees. Our Subcommittee on Armed Forces Hospitalization (chairman, Dr. Paul R. Hawley) was forcibly led by its study to identify the acute professional manpower shortage as the core of its problem. The Subcommittee on Medical Manpower (chairman, Dr. Edward D. Churchill), appointed to deal specifically with professional manpower, started from an entirely different approach and reached the same conclusion. Its findings document and corroborate those of Dr. Hawley's subcom-

mittee. These conclusions were in turn supported by the findings of the task forces on tuberculosis and neuropsychiatry, already cited.

Considering first the military services, we adopt the following from the report of our Subcommittee on Armed Forces Hospitalization:

\* \* \* The provision of adequate medical care for the armed forces has now become a matter of the gravest concern. \* \* \*

The number of doctors in the medical services of the armed forces is insufficient at present for them to meet all of their responsibilities; and the shortage in medical specialists is much more critical. A large proportion of their present medical-officer strength is made up of young physicians whose medical education was subsidized, in whole or in part, by the Army Special Training and V-12 programs of World War II. These young gentlemen have received excellent general training, but no specialist training of a scope to qualify them in these fields; and their experience is necessarily limited by their recent graduation. \* \* \* at present their skills fall far short of the expertness demanded by modern medical knowledge.

Furthermore, these young physicians are now serving under compulsion, as a partial return for the Government's contribution toward their education. Their terms of service will expire not later than June 30, 1949. This will create a still greater shortage of medical officers—a paralyzing shortage. Voluntary recruitment has thus far failed to fill present vacancies, and assuredly will fail to replace the excessive losses of the next 6 or 8 months. This is an incontrovertible fact.

The general Selective Service Act will produce but an insignificant number of physicians for the armed forces. The upper age limit and the several grounds for exemption will exclude all but a few.

The only remaining alternative is a special draft of physicians, and it is generally accepted that this will be necessary if the armed forces are to be given any kind of care. \* \* \* The pool of eligibles from which physicians could be drafted is limited almost entirely to recent graduates of limited training and experience, wholly unqualified to assume the heavy responsibilities of a modern first-class medical service; and the number of qualified specialists left in the medical services is woefully inadequate for the proper supervision and training of these fledgling doctors.

Under the existing pattern of military medical practice, and with the medical talent now in sight for this duty, it is certain that the quality of medical care is certain to drop even if the strength of the armed forces is not augmented.

This serious problem of the present, however, becomes critical with the operation of the Selective Service Act. Thousands of young Americans are to be compelled to serve in the armed forces. It may be accepted that these young men, their families and their friends—a number comprising a large proportion of our population—will expect and demand for these inductees a quality of medical care no less than that given the armed forces during World War II. The slightest relaxation of this standard is certain to produce serious repercussions; and a significant departure therefrom may well threaten the very security of the Nation through repeal of the Selective Service Act. \* \* \*

It must be accepted then, that, unless such expert medical skills are—in one way or another—made fully available to the sick and injured of the armed forces, thousands of young Americans will have been forced from their homes and vocations to serve a Government that is indifferent to their welfare. This is not a pleasant thought, but it is the truth.

\* \* \* voluntary recruitment has fully met the medical needs of our armed forces in all our wars. \* \* \* However, in World War II the interplay of the factors \* \* \* made this solution barely tolerable for the civil population. The country was most fortunate during those war years in escaping both epidemics and enemy attack upon the civil population. Had either of these con-

tingencies occurred, those at home would have suffered from lack of sufficient medical care. With the rapid development of new weapons for total war, the medical needs of the civil population must henceforth be given much greater consideration in the distribution of medical resources in war. \* \* \*

These convincing facts point only to one conclusion—that, if adequate medical care is to be given the armed forces, the services of expert medical and surgical specialists must be made available in some way other than by induction for full-time employment. There is no other solution.

This appraisal of the condition in the armed forces is irrefutably corroborated by the detailed analysis of the Subcommittee on Medical Manpower. The highlights of the findings of this report, which we adopt, include:

No single agency of the Government now has the manpower resources in sight to enable it to meet its full responsibilities for health and medical service.

This critical situation is neither temporary nor self-correcting. Vigorous measures to meet this condition during the past 3 years have produced fragmentary and inadequate results.

When improvement has occurred, as in the case of Veterans' Administration through Public Law 203, the benefit to that agency has been achieved only at the expense of the others.

The armed forces have been able to meet these responsibilities only by the obligatory service of Army Special Training Program and V-12 trainees during the war.

Quality of medical service is equally if not more important than quantity and is derived from an integration of general medical care with specialist services. Technical skill and competence in medicine are synonymous with specialization.

Present and prospective personnel deficits are so serious as to show that the work load is greater than can be maintained.

The work load must be examined against the prime needs of each agency for supporting medical service, and when recruitment has failed we must examine whether a primary function of Government is jeopardized to the extent that conscription of doctors is necessary.

The report of the Subcommittee on Medical Manpower documents the shortages of the different agencies in professional manpower, showing the appalling gap, quantitatively and qualitatively, between availability and requirements under the present system. In the Army and Air Force, taking surgery as an example, we estimate an over-all deficit in surgeons of about 25 percent on October 1, 1948, and at least 40 percent on July 1, 1950. However, this fails to reveal the true shortage. When analyzed for differentials of training and experience, the anticipated shortage on July 1, 1950 becomes 77 percent in board-certified or equivalent surgeons. Thus, it is not only a numerical shortage but, even more important, a qualitative shortage.

In the Nation as a whole, 1 doctor out of every 6 or 7 is a specialist, certified by the appropriate board; in the Army the ratio is 1 to 33.

The Division of Psychiatry and Neurology of the Veterans' Administration has recommended against constructing any more neuropsychiatric hospitals, except in medical centers, because of the inability to staff them.

Medical care in the Veterans' Administration has been maintained through the past 2 years only because its staff was augmented by loan from the Army and Navy of 1,500 Army Special Training Program and V-12 doctors. These men completed their obligatory service this year and there is no further supply from this source.

In the Veterans' Administration hospitals, problems in staffing have a close relationship to location of the hospitals. Some relief could be secured if, as the Veterans Administration Department of Medicine and Surgery has strongly recommended, hospital construction is concentrated in larger cities in which part-time medical and ancillary personnel could be recruited without undue sacrifice to private practice and teaching connections.

The Federal agencies as presently organized have no means of coping with the manpower shortage, other than measures which accentuate the competition among themselves and with civilian institutions. These facts emphasize that a cardinal weakness of the present Federal organization for medical care is its failure to provide for coordinated personnel planning, procurement and utilization.

Further, the Federal agencies make poor utilization of their physician personnel. Earlier studies have shown that the doctors themselves feel this strongly and are resentful of it. Our surveys confirm both poor utilization and doctor resentment.

In summary, then, we found shortages of skilled medical personnel in combination with inefficient use of such personnel. The armed forces' proposal to draft doctors is necessary, but can be justified only for truly military needs. Only a major reduction in work load and radical organizational changes which will make for efficient use of scarce medical personnel will enable the Federal Government to give medical care of high quality.

## **F. Spotlight on Definition of Those Entitled to Medical Care**

Although not technically an organizational weakness, the lack of a clearly expressed congressional policy defining certain classes of beneficiaries is a serious inadequacy of the present organization. There is no clearly expressed statutory authorization as to whether the dependents of Army and Air Force personnel are eligible for medical care; nor any clear legislative authorization to plan comprehensively for the hospital care of veterans with non-service-connected disabilities. Care for both these groups may be a proper function of government but such vast obligations should be undertaken only under a clear authorization by statute. It should be planned, not just happen.

A vast hospital plant has been created for purposes some of which are neither clearly defined nor authorized by any settled policy. The Congress must have intended to provide medical care to veterans with non-service-connected disabilities in far greater numbers than could be accommodated in surplus beds in hospitals built for service-connected illnesses or it would not have built three times as many hospitals as are needed for the latter. But the Veterans Administration at present can provide medical care legally for veterans with non-service-connected disabilities only in Federal hospitals. Consequently, it cannot provide care to these veterans in the most economical way, which in many instances would be in the local hospitals of their home communities.

Further, veterans with non-service-connected disabilities, not being clearly entitled to hospitalization, may have to wait weeks or months until beds are available. Moreover, they may not receive out-patient care even during the waiting period.

Under the provision that hospital care will be furnished for non-service-connected disabilities on the veteran's statement without investigation that he is unable to pay (the so-called "pauper's oath"), many veterans whose needs are less acute may receive hospitalization while others, less financially able but more conscientious, may not be benefited.

Present practices are so loose that veterans are often considered to be unable to pay if the question as to ability to pay is left unanswered.

As a practical matter, the hospitalization of veterans is now limited principally by the size of the Federal hospital plant, and the desire of the individual veteran to seek hospital care under a statement of financial inability which is largely a matter of form. Ability to pay is not more than a very minor moral deterrent.

### Summary of Weaknesses

Tested in these various ways, it is clear that the unsatisfactory conditions found are not sporadic instances of bad judgment nor administrative failure, but result from inherent weaknesses caused by the way in which the present Federal medical services have come into being, and the nature of the existing set-up itself.

The foregoing facts are not offered as tests of the efficiency of the several agencies, which was not our objective, but as a yardstick by which to measure the adequacy of the existing governmental medical organization against the Commission's objectives. We conclude that it does not meet the standard so set. For the faults we have found, we blame primarily the competitive organizational climate in which the various agencies have striven to function and to maintain their existence, rather than the agencies themselves.

## Chapter III

### RECOMMENDED ORGANIZATION TO ACHIEVE THE OBJECTIVES DEFINED BY CONGRESS

The present numerous services concerned with similar medical activities must be integrated into two major systems—military and nonmilitary. Before reaching this conclusion we considered carefully whether an agency in the Executive Office of the President might be able to secure effective coordination of the various independent departments and agencies in a way to remedy the serious defects which we have disclosed. It is, we feel, an impossible task to remedy these weaknesses merely by high-level efforts to coordinate independent and competing agencies. The manpower shortage is the conclusive, determining factor which convinces us of the inadequacy of this approach.

If consolidation is to occur, our examination shows that there is no existing Federal organization suited to absorb or supersede the others.

Proceeding upon the assumption, which we were instructed to make, that the Commission would recommend a Cabinet Department embracing health, education and security, we believe that such a department, including a National Bureau of Health, could remedy to a major extent the organizational weaknesses of the present set-up, and give the leadership, direction, and considered planning urgently needed and contemplated by Congress.

We, therefore, recommend for the nonmilitary system the organization of a new National Bureau of Health, in the proposed new department, to be headed by a professional career Director General. He should report directly to the Secretary, and should, in the nonmilitary Federal organization, be the highest ranking physician in the Government. Since the appointment of Under Secretaries and Assistant Secretaries is of course not necessarily on a career basis, no physician should be appointed to such posts who would come between the Secretary and the career Director General. The supreme medical importance of the position of the Director General should command, irrespective of all other considerations, the ablest medical and health administrator whose services can be obtained by the Government.

Our recommendation does not contemplate the creation of an additional Government agency in the usual sense. It proposes using the facilities and resources of existing agencies. We do not believe that this change will result in additional expenditures; on the contrary,



we are convinced that it will bring both great savings and an improved standard of care by better utilization of the limited manpower resources.

This bureau should be manned by career personnel drawn initially from the various agencies whose functions are recommended for transfer to the new National Bureau of Health, supplemented by medical officers whom the armed forces shall have the right to detail for training and rotation as later discussed.

This brings us to the question of the main organizational units of the proposed new National Bureau of Health. It should consist of at least three main divisions:

1. Medical Care Division, in which would be gathered all of the functions of the National Bureau of Health with respect to hospitalization and other direct medical care of patients (discussed herein in Ch. IV);
2. Public Health Division (discussed herein in Ch. IX);
3. Research and Training Division (discussed herein in Ch. X).

Because our recommendations relating to the transfer of hospital and medical care functions involve other considerations and adjustments, they will be presented before we take up recommendations for the military system and its relation to the nonmilitary. Medical supply, an ancillary but important aspect of medical care, will be considered in Chapter XIII.



## Chapter IV

### MEDICAL CARE FUNCTIONS OF NATIONAL BUREAU OF HEALTH

Unless we can bring to bear upon this question the informed and courageous approach which the Commission has asked of us, the efforts of this committee will be of little value.

Our conclusion is that the great body of the Federal functions, facilities, and the personnel for medical care of patients should be transferred to a Medical Care Division of the proposed National Bureau of Health. These should include:

1. The general hospitals of the armed forces in the continental United States (except a medical center for each of the three services), and station hospitals (certain of which the Navy calls "dispensaries") in the continental United States except those at outlying posts so located that other hospitals of the National Bureau of Health would not be near enough to provide the hospitalization required.
2. The medical functions of the Veterans' Administration *in toto*, including the out-patient services in the Regional Offices of the Veterans' Administration.
3. The hospitals of the Public Health Service;
4. St. Elizabeths Hospital;
5. The four nonmilitary hospitals in the Canal Zone;
6. Both the United States Soldiers Home in Washington and the United States Naval Home in Philadelphia.

On the other hand hospital functions which should not be transferred include:

1. The armed forces station hospitals above excepted, together with all armed forces hospitals overseas.
2. The hospitals of the Bureau of Indian Affairs.
3. The hospitals of the Bureau of Prisons.
4. Other small hospital functions such as those which are incidents of Tennessee Valley Authority and the Atomic Energy Commission.

The Indian and prison hospitals should, however, be completely staffed by professional personnel from the National Bureau of Health. We deal separately with Freedmen's Hospital.

Fully conscious of the radical departure from traditional functions inherent in this plan, and of the responsibility involved in recommend-

ing it, we have reached the decision to do so not only because of the vast saving in money which it makes possible, but because it is the only way in which high-quality care can be maintained in the face of the Federal medical-manpower shortage.

For an understanding of these proposals, it is necessary to state at this point that for this plan to function it must be accompanied by a clear definition of the rights of veterans with nonservice-connected disabilities and of dependents of military personnel, subjects which are later fully discussed herein. This plan presupposes that, based upon such new clear definition of the rights of these classes of beneficiaries, the resources in medical manpower and the facilities—where these are of satisfactory quality—of community hospitals will be utilized for care of Federal beneficiaries to whatever extent efficient operation indicates.

The principle should be that hospital care for Federal beneficiaries be planned in relation to the hospital resources of the country as a whole, not merely through construction of Federal hospitals as a class apart.

It must be steadily borne in mind that assumption of Federal financial responsibility is an entirely distinct question from provision of such medical care directly in Federal hospitals only.

In these recommendations the two transfers of greatest moment are the medical services and hospitals of the armed forces and of the Veterans' Administration. In making these, we adopt the essentially identical conclusions of several of our subcommittees.

## **A. Transfer of Armed Forces Hospital Functions**

Speaking first principally of the transfer from the armed forces, we cannot improve upon the following statement of Dr. Hawley's subcommittee on Armed Forces Hospitalization.

In exploring the possibilities for more efficient use of the medical potentialities of the Nation, this subcommittee early arrived at the firm conclusion that so much of a medical service as is in direct support of an armed force is, and must continue to be, inseparable from that force. The functions of a medical service are too diverse, and the responsibilities of commanders too inclusive, for medical personnel to be allocated and withdrawn solely on the basis of current need for medical care.

There is at present, however, a function of medical service that is not one of direct support of an armed force. This is the purely professional care in hospitals of the serious cases requiring expert medical or surgical skills (specialists). A high proportion of such cases are forever unfit for further military service; and such as do fully recover are of little military value during the period of their hospitalization. Such patients are primarily a medical, rather than a military responsibility; and, while there are many sound reasons for not separating those of further use-

fulness from military control, there is no impelling reason for treating them in military hospitals.

\* \* \* The one major responsibility of the medical services of the armed forces that cannot be met adequately either by voluntary recruitment or reasonable compulsory service of physicians, then, is the operation of that class of hospitals that are capable of providing highly expert (specialized) care and treatment.

Fortunately, a precedent for such solution has been established by the Department of Medicine and Surgery of the Veterans' Administration. Faced with almost the identical problem, this Department obtained the services of hundreds of outstanding specialists upon a part-time basis. This program has been in operation for almost 3 years, and its success is no longer in doubt. Of the 91,290 patients in Veterans' hospitals on June 30, 1948, the professional treatment of about 58,000 was given wholly by, or under the close supervision of, part-time specialists. To provide these services with full-time personnel would require the withdrawal of at least 1,250 specialists from the limited medical pool of the country. \* \* \*

These facts lead the subcommittee to the firm conclusion that an acceptable quality of medical care can be insured to the armed forces only by a radical departure from the traditional pattern of such care. The subcommittee is fully aware of the repercussions excited by any departure from tradition; but it is also conscious of the insurmountable obstacles that have recently come into the picture and which cannot be overcome in any other way.

First, the most economical use must be made of the limited amount of expert (specialized) medical talent in the Nation. No longer can it be dissipated through exclusive allocation to one or the other Federal medical service, or even to the exclusive service of the Government. The needs of the civil population must be protected in war as well as in peace. To this end the part-time services of specialists must be utilized to the fullest extent in staffing the military hospitals of general hospital caliber within the continental limits of the United States. Obviously, such a territorial limitation is necessary, but only because their services are not available elsewhere. These specialists on part-time must actually replace military medical men rather than, as at present, merely supplement numerically adequate staffs for purposes of instruction. They must be given responsibility for patient care as well as for teaching. \* \* \*

*\* \* \* Efficient and economical use by the Government of the limited amount of expert medical talent can be assured only through the establishment of a single system of Federal hospitals in which the bulk of the responsibility of the Government for medical care can be discharged. Such a system would effect great economy in hospital plant as well as in medical personnel of all categories; and it would least disturb the medical care of the civil population both in war and in peace.*

The scope of this Federal hospital system should include all of the responsibilities of the Government for medical care other than those that are inseparable from the armed forces and from other Government activities of peculiar nature. \* \* \* This Federal hospital system should absorb all hospitals of the armed forces of general hospital caliber within the continental limits of the United States (with the exceptions hereinafter mentioned), and the existing hospitals of the Veterans' Administration, and the \* \* \* Public Health Service. \* \* \* The armed forces must retain military hospitals of station hospital and naval dispensary caliber and less, within continental United States only where other Federal hospitalization is not available, and all military hospitals beyond the continental limits of the United States. In addition, for purposes of training and research, the Army should retain the Army Medical Center, the Navy, the

Naval Medical Center, and the Air Force should be permitted to construct an Aviation Medical Center.

If and when created, this Federal hospital system should follow the pattern of medical staffing established 3 years ago by the Veterans' Administration. The fullest possible use should be made of the faculties of schools of medicine, and of other expert medical specialists upon a part-time basis. These hospitals must serve the professional training needs of the armed forces, and permit the detail of commissioned medical officers and other military medical personnel to receive instruction. There is no reason why this proposed Federal hospital system should not be charged with the responsibility of all technical training of medical specialists and technicians for the Federal Government. \* \* \*

The care and treatment of military personnel in such a Federal system of hospitals need present no insoluble difficulties. The use of military registrars in the larger hospitals, and for areas in the case of smaller hospitals, will simplify the problems of records and of discipline. Separation of permanently disabled from the service at the earliest possible date can be arranged by mutual agreement upon policy.

Working entirely independently of Dr. Hawley's group, Dr. Churchill's subcommittee on medical manpower also recommends that, to correct the unsatisfactory conditions above described and secure optimum utilization of scarce personnel, the work load of the Federal medical service, except the part clearly identified with the primary missions of the armed forces, be consolidated in a single Federal agency.

One illustration of what this change would mean to the armed forces is that the shortage of board certified or equivalent surgeons in the Army and Air Force would be reduced from a deficit of 75 percent to only 35 percent as of December 31, 1948.

## **B. Transfer of Veterans' Medical and Hospital Functions**

Implicit in the above plan is the transfer to the new Bureau of all medical and hospital services of the Veterans' Administration, including out-patient services now provided through regional offices.

Veterans' hospitals are by far the largest single group, have more than half the total bed capacity of all the Federal hospitals and are progressively increasing in size relative to the others. Were they to remain separate, the new Bureau of Health would be the Government's central health agency in name only. Under the direction of the statute and the instructions of the Commission to consolidate like services, this transfer is mandatory.

The advantages flowing from the above steps, without which we have been able to find no solution to the medical problem now faced by the Government, include:

1. It creates a hospital system in which armed forces personnel can be given specialist care not otherwise available.

2. Merging of the Veterans' Administration hospitals, those of the Public Health Service (later discussed), and most of the general, and some of the station, hospitals of the armed forces will create a unified hospital system which can consolidate facilities, make optimum use of scarce manpower and thereby provide a generally higher standard of care.

3. Priority of attention can be given to the groups to which the Government owes an unconditional and primary obligation—the largest of which of course are veterans with service-connected disabilities and personnel of the armed forces. Veterans with non-service-connected disabilities and other contingent beneficiaries may be given care as Congress may authorize both in such hospitals and, to the extent necessary and desirable, in community hospitals under the comprehensive plan later discussed.

4. Hospitalization of patients will be possible nearer home. This, together with the development of convalescent facilities as an integral part of the system, should under proper management result in shorter stays in hospital, and effect a significant reduction in the number of Federal beds required for any given amount of patient work load.

5. The reduction in Federal bed requirements as a consequence of all of the above factors, and other reforms which such a management should effect, could avert much of the very costly new Federal hospital construction program now projected. For example, in the areas surveyed by the Subcommittee on Hospitalization—constituting roughly only one-sixth of Federal hospital beds in this country—it has been estimated that new construction costing upwards of \$100,000,000 in such areas alone could be saved by a unified Federal hospital system.

6. The greatest and the most vital saving of all would be in professional manpower. The hospital system as a whole would be an integrated one, with specialized centers, use of part-time specialists, and association with medical schools and teaching hospitals. By these and other techniques, scarce professional personnel could be conserved to the utmost, as is now being done as to physicians in those Veterans' Administration hospitals under Deans' committees.

7. This plan also has great advantages should war occur as will be later discussed (ch. VIII).

8. Such unification is requisite to make satisfactory provision for the two great chronic diseases. The task force on tuberculosis reported that consolidation of existing Federal tuberculosis hospitalization in a single agency is essential; that no new Federal tuberculosis hospitals should be built except those under construction; that as a long-range solution there should be a gradual transfer of more responsibility to state institutions for the care of Federal tuberculosis beneficiaries; that the Army and Navy should discontinue operation

of tuberculosis programs of their own; that tuberculosis hospitals of the Veterans' Administration should be transferred to the new central hospital system.

Similarly, the task force on neuropsychiatry found that there should be a fusion of all major hospital and clinical services of the Federal agencies with "psychiatric centers" in general hospitals.

9. This hospital system would offer unique opportunities for the training of all types of hospital personnel, including military—executives, administrators, department heads, and all technical and ancillary staff. Nowhere else in the world would there be comparable opportunities for such training.

## **C. Transfer of the Federal Security Agency Hospitals**

1. Since the Public Health Service, together with the Federal Security Agency of which it is a part, would be merged into the new department, its hospitals should obviously become part of the National Bureau of Health.

2. For the time being, St. Elizabeths Hospital should also become part of the National Bureau of Health. Because it serves residents of the District of Columbia primarily, it is organizationally sound for it to become a part of the Government of the District. However, this must wait, in our opinion, until there is better assurance that the District Government will provide direction for it which will maintain the high standards now set by St. Elizabeths in its special field. Under the unified hospital plan which we are proposing, Federal beneficiaries in St. Elizabeths, other than residents of the District of Columbia, could then either be taken care of elsewhere in the Federal hospital system or in St. Elizabeths on a reimbursable basis.

3. Freedmen's Hospital is a special institution to provide care for Negro residents of the District of Columbia. It is also the teaching hospital for Howard University. It should be transferred to the University with such assistance in the form of appropriations as may be necessary for it to serve its purpose as an essential link in the plan for medical education at the university.

## **D. Transfer of Other Hospitals**

1. The Army maintains in Washington, D. C. the United States Soldiers' Home and the Navy in Philadelphia the United States Naval Home, each of which has a small hospital. These are now entirely separate from the hospitals and domiciliary homes of the



Veterans' Administration. Since domiciliary homes of the Veterans' Administration would be transferred to the new National Bureau of Health as well as Veterans' Administration hospitals, it is clear that both the United States Soldiers' Home and the United States Naval Home should be similarly transferred.

2. In the Canal Zone the Federal Government maintains four civilian hospitals, namely, Gorgas, Colon, Palo Seco (leprosarium), and Corozal. While outside the continental limits of the United States, these hospitals would be more effectively staffed and operated if consolidated with the hospital system in the United States. Present day air transfer of patients would make it possible through such transportation both to achieve a better standard of care and substantially cut down the number of beds required and the stand-by capacity which it might otherwise be necessary to maintain. It would also terminate the isolation of these hospitals and thereby provide a better professional climate for them.

### **E. Basic Organizational Principles of the Hospital System**

The hospitals should be grouped into regions, each so far as possible with a general hospital as its teaching and consultative center, and each under a regional director, reporting directly to the Director of the Medical Care Division, who should have the maximum amount of authority decentralized to him from Washington.

The regional pattern, set up by the Commonwealth Fund project and others, should be followed in making the medical center the focal point for the region. The hospital organization in each region should include not only smaller general and station hospitals, but also tuberculosis, psychiatric, and other specialized hospitals and facilities for out-patient care in the area. Our tuberculosis and neuropsychiatric subcommittees are strongly in accord with this recommendation.

Under the above plan, the pattern of organization would be essentially vertical in character, with full authority in the Director of the Medical Care Division, under him in the Regional Director, and under him in turn complete management responsibility in each hospital director. Each hospital should have a single budget. The hospital director should prepare this and, upon obtaining approval of it, should be responsible for the expenditure of it.

It must be recognized that there is a dearth of trained and experienced hospital administrators for large operations. It is desirable that such administrators' qualifications should, if possible, start with a medical education. However, it is essential that such administrators adopt hospital administration as a career with medical education

merely as a foundation for it. This is requisite because executive experience in a large enterprise is the basic qualification. Because of the shortage of medical directors qualified as above, it would not be possible in any hospital system of this magnitude to secure uniformly, or perhaps even in large part, medical directors for them. It must be recognized, therefore, that below the level of the Director of the Medical Care Division, who should be a physician, the positions in the hospital system might have to be filled in varying degrees by persons selected primarily for their executive ability and experience in hospital administration, even though they are not physicians.

Present civil service limitations would make it virtually impossible to obtain the right men for posts of the great responsibility required for the key offices of this division. We deal with these subjects later under Personnel Policies in Federal Medical Services, Chapter XI.

The above principles of direct management authority are violated extensively in the present Federal medical organization. The two largest units—Veterans' Administration and Army—have somewhat analogous systems. In the Veterans' Administration, lay control by the Administrator includes decision, not only of what hospitals will be built, but also of the location. Both of these matters should be both initiated and finally decided by the highest medical authority in the agency. Further, Veterans' Administration hospital construction is an independent function not under the firm control of the Chief Medical Director. Naturally, hospitals so constructed do not fit medical needs, and involve unnecessary facilities and excessive costs. Architects, engineers and any other construction groups should be the agents not the masters. Because in the Veterans' Administration the entire field of "special services" is outside medical control, demands from this independent service, which may be foreign to true medical requirements, are included in hospital construction. Various veterans' organizations and other agencies are given extensive office space. Huge dining rooms, recreation halls, auditoriums, and other expensive facilities are included. All these greatly increase hospital costs. Many are not essential for real hospital care in general hospitals.

In the recent history of Veterans' Administration, these weaknesses are proving extremely expensive. Before the new regime came in, in 1945, certain hospitals had already been planned. Thereafter, additional hospitals were planned, including various small peripheral installations, many of which had the approval of the Bureau of Medicine and Surgery, and others were located due to outside pressures. However, by the early part of this year, at the latest, it had become apparent that for many of these hospitals it would be difficult, if not impossible, to procure adequate staffs. Had the control of construction been, as it should have been, under the Department of Medicine



and Surgery, the construction program could have been adapted to the medical and hospitalization requirements and the manpower available. Instead, because of the rigidity of the organization and controls independent of the medical department, contracts have been let, and programs are going forward, which bear no sound relationship to the best medical treatment of veterans. We explain this condition in detail only because it is essential that it be understood in order that corrective organizational measures be adopted. It is one of the reasons on account of which the transfer of the medical functions from the Veterans' Administration will mean a better standard of care for the veteran.

(Somewhat analogous conditions exist in the control of the Army hospital system, which we discuss later as part of the problems of the armed forces.)

But it is not only in the Veterans' Administration central office that this fragmented authority exists. The condition is equally serious in the field. In each region the Deputy Administrator is in charge of the hospitals in his area, not the Chief Medical Director or a regional hospitalization director responsible to him. In each, hospital management is in turn split into various mutually independent sections, so that the manager of a particular hospital has no over-all authority nor single supervision but reports in different fields of activity to different superiors.

Moreover, the out-patient services provided through the regional offices are not correlated with the hospitals. They have separate staffs with entirely independent and often duplicate equipment, and, by contrast with the better hospitals, deliver an unsatisfactory standard of care.

The out-patient services provided by the regional offices consist primarily of treatments to veterans with service-connected disabilities and the medical examination and evaluation of disability claims for pensions. The actual decision on disability or pension applications is made by the Claims Service. There is no real need for the medical and claims functions to be associated within the same organization because the medical services provided are nothing more than those commonly purchased by insurance companies from private physicians, which is done purposely to get an independent evaluation.

With respect to the direct care provided by the out-patient service, as good or better care could be given through the out-patient departments of the hospitals.

As matters now stand, the personnel and out-patient activities of the hospitals are duplicated at least in part; the services lack the support of the highly specialized facilities and personnel of the hospitals; hospital personnel are not rotated through the clinics—nor vice versa—for the good of the patient and the training of the personnel; and the medical revolution which has made such remarkable progress in

veterans hospital care has hardly touched the regional office out-patient clinics.

In recommending that the entire medical function of the Veterans' Administration should be placed in the new National Bureau of Health, we have had in mind the necessity for furnishing to the Claims, Insurance, and Vocational Rehabilitation Services of the Veterans' Administration, medical examinations, evaluations and any other medical support requisite. For this purpose, it is not necessary to maintain such medical services in the Veterans' Administration itself. The National Bureau of Health should be required, through the installations above described, to perform these medical functions for the Veterans' Administration. The fact that the medical judgment in such evaluations would thus be an independent one is an advantage, not a handicap. Further, the integration of these out-patient departments with the hospitals would provide a considerably higher professional standard. The change would also correct serious weaknesses in the existing organization, previously pointed out.

## Chapter V

# INTEGRATION OF FEDERAL HOSPITAL WITH NONFEDERAL HOSPITALS

The Government has been pursuing two mutually inconsistent policies in its aid to non-Federal hospitals under the Hill-Burton Act and in the Veterans' Administration hospital-construction program.

Finding gross inadequacies in the Nation's hospital plant, the Government paid part of the cost of hospital surveys in the states to determine real needs, and is now authorizing up to \$75,000,000 per year in payment of one-third of the construction costs of hospitals found necessary by such surveys. The soundness of this step in promoting better national health is beyond question and the benefit derived from such carefully limited Federal expense is great. However, because hospitals operated by the Federal Government are not open to meet community needs, they were excluded from consideration in the survey.

Concurrently, the Federal Government, without relationship to the Hill-Burton Act program, launched a new and greater building enterprise for veterans' hospitals. These hospitals, under present policies, are in effect built to give total hospital care to veterans who constitute about one-seventh of the population. But this one-seventh has been included --and correctly so-- in the survey of community hospital needs. This obvious wasteful duplication in planning is but one of the resultant evils. More serious is the waste of spending \$20,000 to \$30,000, and in occasional instances over \$40,000, per bed for veterans' hospitals, of which the Federal Government pays all, and for which it pays all operating costs, when the expenditure of a fraction of this amount in the communities in which veterans live (if added facilities are there required) could furnish hospitalization near their homes. Under an extension of the Hill-Burton Act, such aid to community hospitals might require a 50 percent Federal grant or a 33½ percent grant and an equal amount in long-term mortgage loan. Costs of hospital construction are now so high that even the vitality and energy of the community hospital system could probably not pay for two-thirds of the cost of construction, as is now required under the Hill-Burton Act. But these hospitals, which are constructed, not as rest homes but solely for the care of really sick patients, can still be built at lower average costs per bed.

The economy of this approach is furthered by the fact that in many cases beds can be provided by additions to going institutions. The average bed cost of construction of general hospitals under the Hill-Burton Act up to a recent date—of which the Government has of course paid but one-third—is only \$12,200. Since most of these are small hospitals of 50 beds or less and include considerable frame construction, they are of course not strictly comparable with the costs of new Veterans' Administration hospitals. But they do illustrate vividly how beds can be supplied at low total—and even lower Federal—cost, when the money does not come easily and every dollar is made to do an earnest day's work. They also make a rather startling contrast to the shocking per bed costs of various of the projected Veterans' Administration small hospitals, some of which are three times as costly. When Veterans' Administration hospitals cost per single bed as much as no one but a wealthy man can afford to pay for a house for himself and his entire family, a pause in such operations and careful scrutiny of them is called for. This is especially so when a clear, simple means of avoiding such vast Federal expense is presented, as it is here.

An even greater evil of the present plan is the injury to the community hospital system. Veterans' hospitals siphon off nursing and other scarce personnel. Such unfavorable competition between Federal and community hospitals is occurring at a time when the latter are already in great financial difficulties because of increased cost of operation due to inflation, which has caused threatening deficits for many of even the strongest.

The bald fact is that at the same time that the Government is spending up to \$75,000,000 per year to build up community hospitals, it is in effect tearing them down by disastrous competition. At the same time, it is reducing their incomes by taking away a large class of patients who would normally come to them.

In the term, community hospital, we include voluntary hospitals, State university hospitals, and county and city hospitals in smaller centers of population where these are in fact the hospital of the community.

The vital importance of community hospitals, not only for medical care in the country as a whole, but also specifically for Federal medicine must be clearly understood. These institutions, particularly the great voluntary teaching hospitals and the medical schools affiliated with them, have been and are the mainspring of modern medicine, the heart of research in medicine and the source of the very great progress in standards of care, length of human life and conquest of disease. It is in these hospitals that the undergraduate doctors obtain their clinical training and in which the graduates receive their residency training and become the specialists of tomorrow. Graduates of these schools and hospitals are the men from whom Federal medicine

must obtain its own staffs and to whom it must look for further scientific achievements. Veterans' Administration hospitals which have been very recently affiliated with medical schools perform a comparable function, but their number is limited.

The voluntary hospitals of the country for a century have had, and still have, tremendous vitality. But heavy taxation of individuals and estates has reduced donations by preventing the accumulation of large fortunes such as those which created our great medical centers.

Costs of operation of hospitals have gone up faster than patient income; building costs have increased so that modernization to keep the plants abreast of the need is not possible. Recent surveys in several eastern cities indicate that at least 25 percent of the community hospital plant is so obsolete that it should be replaced at once. A substantial additional percentage is obsolescent.

The Hill-Burton Act initially attacked the desperate lack of hospitalization in rural areas. This was as it should be. All statistics prove that rural health and health facilities are inferior to those in urban areas. Therefore, most of the Hill-Burton Act funds to date have properly gone for smaller hospitals and additions in small communities.

But now the support should be directed toward the heart, as well as the periphery, of the community hospital system, with special emphasis on the teaching hospitals.

Both because the Federal policy of assisting community hospitals has already been recognized as necessary, and also because under proper planning such hospitals can aid directly in care of Federal beneficiaries, the over-all plan must consider them.

Local general hospitals are already staffed with the best medical talent in their communities. To the extent that facilities exist or are created, care of Federal beneficiaries can, therefore, be given without seriously intensifying the medical manpower problem. A formula already exists as a basis for the reimbursable cost for such care. While this does not include medical attention, for which rates and arrangements would have to be agreed upon, bases for this also exist, so that the problem presents no insuperable difficulty.

In summary, our appraisal of the present Federal position shows that we have, in essence, a veterans' hospital system which has reached or almost reached the limit to which it can be staffed to give quality care; an armed forces hospital system which has greatly exceeded the limit which can be staffed except by draft (and a draft of doctors cannot supply quality but merely a quantity of junior doctors); and at the same time a community hospital system already staffed and attracting a steady flow of medical graduates; that the latter system is essential to teaching and research; and, finally, that it is already Federal policy to give it reasonable aid.

The solution is obvious—not to expand the Federal system, but to extend limited aid to the community system. This should be done by partial assistance in new construction for general medical and surgical hospitals, to at least the extent that is necessary to provide needed facilities for Federal patients, and to contract for such care in such institutions. At the present time this would have to be confined to general medical and surgical hospitals, because local facilities for the care of tuberculous, psychiatric, and other long-term patients are now very inadequate.

On the negative side, the above program will eliminate or minimize the present destructive competition; on the affirmative side it will provide needed care for Federal beneficiaries for which Federal manpower does not exist, and will further the policy of revitalizing the community hospitals. Aid in construction should, of course, not be given to an extent which would diminish the responsibility and initiative of private philanthropy for these institutions.

It should be made clear that we are not recommending a curtailment of the existing Veterans' Administration hospital plant, but merely that it not be enlarged. If a limit is placed on the size, such as we propose, the new system will not at any future time be as large as the Veterans' Administration alone will be in a few years if there is no curb on its expansion. The proposed new hospital system will also be much smaller than the Army hospital plant in the United States during the war.

We also clearly recognize that many community hospitals have not yet attained a high standard. These, of course, would not now be used for Federal patients. But the recommendations we are making will help to improve the weaker ones by modernizing their plants and increasing their opportunities for service.

We make the above recommendations because we believe that Federal medical services cannot be planned in a vacuum, but must be considered as part of a sound over-all hospital service for the nation. This can be done at a lower ultimate Federal cost, without aggravating the manpower problem, with the patients nearer home and with shorter hospital stays, by a policy of stimulating private charitable enterprise in a manner consistent with the American way of life.

While valuable in peace, perhaps the greatest benefit from this plan would be the security which it offers if hostilities should occur, as we discuss later.

In the above recommendations the entire program of hospital construction, both for federally operated hospitals and non-Federal hospitals financed through the Hill-Burton Act, would be coordinated through one planning agency with due consideration of local conditions and regional planning.

Federal and State governments should sponsor local voluntary groups, representing the States and communities, to carry out the function of planning the hospitals of each State or subdivision. Federal and State funds should be contributed to the financial support of this planning group, but a major portion of the budget should come from the local communities.

Such State and local planning councils should not have responsibility for the operation of hospitals, but should be advisors to represent the interests of the community. They should be made up of members representing the planning organizations of the community and should not be dominated by members with vested interest in the hospital service.



## **Chapter VI**

### **NEED FOR RECONSIDERATION OF THE DEFINITION OF BENEFICIARIES**

As has been pointed out above, there is now no satisfactory authorization and definition by Congress as to medical care of dependents of Army and Air Force personnel and veterans with non-service-connected disabilities. So far as there are present provisions for care of these groups, it is requisite that the care be given in Federal facilities and by Federal personnel rather than through making supplementary use of local community facilities and non-Federal personnel.

We also consider in this section of the report, Navy dependents (because the three armed services must, of course, be treated uniformly as to such privilege), and merchant seamen. As to both of such groups the present statutory authorization for care is in clear form.

#### **A. Dependents of Armed Forces Personnel**

Medical care should be given by the armed forces to dependents overseas, as other medical facilities of acceptable quality ordinarily do not exist. The same applies to dependents at some camps and stations in this country in areas remote from large cities, where community facilities are not adequate. In both of these instances care of dependents is a necessary incident of normal maintenance of the armed forces.

We question the justification for drafting doctors from their homes and practices, where they are now meeting community needs, to care for dependents who may be in no more need of such care than are these doctors' own patients at home. Representatives of the medical profession have indicated that the profession will oppose such a draft.

It is impossible under present record-keeping practices of the armed forces to arrive at a definite figure of the number of medical officers, particularly specialists, now required for dependents' care, although it admittedly constitutes a substantial share of the work load. Our Subcommittee on Medical Manpower, however, estimates that a saving of several hundred medical officers would be possible if such care were not provided directly by the armed forces. This could be done without depriving dependents of care, by adopting a policy of



utilizing for them local community facilities and professional personnel wherever possible.

We recognize that provision of adequate care for dependents has been offered as an inducement to men in service as part of their compensation, and that to terminate it would be injurious to morale at a time when it is necessary to build up, not tear down, our defense structure.

If Congress determines that the equivalent of the present care of dependents should be supplied by the Federal Government in all areas, it could be done by either of two methods.

First, the Government might, as part of the compensation of members of the armed forces contract directly for such service with local community facilities and personnel; this would be limited to hospital care in acute (not chronic) cases and to out-patient care.

Second, if a nonprofit or commercial health insurance plan is found to be available which conforms to the requisite standards set by the Government, premiums for the dependents could be paid as part of the compensation of members of the armed forces. Such insurance should omit provision for care in overseas or other remote localities and the aggregate premiums adjusted downward accordingly, since care in these places would be provided by the armed forces in any case.

Either of such plans, apart from relieving the armed forces of a responsibility for which it is not reasonable to draft doctors in peacetime, has the advantage of bringing the cost of this item clearly into the budget. It represents the basically sound fiscal policy and true long-range economy of having all real costs budgeted for the purpose for which appropriated. So considered, medical care of dependents in this country generally is really an item of the compensation of military personnel. It should be budgeted and shown as such; not be a concealed subsidy in unknown amount. If such care is to be provided, which is for the Congress to define clearly, we recommend that it be furnished by one of the methods outlined above. We have considered and rejected as a substitute an increase in pay by an amount sufficient to meet a health-insurance premium.

Because the present cost is unknown, no specific figure of the savings which might be effected by the change proposed is possible, but, if either of the methods we suggest is adopted and properly administered, the cost should not be more than at present.

## **B. Veterans with Non-Service-Connected Conditions**

We do not consider it to be the function of a committee largely composed of professional medical members, presumably selected for technical qualifications, to determine the basic question of philosophy

of Government as to how much the United States owes to those who fought to defend it. But a basic, clear decision must be made by the Congress.

At present the law merely provides that veterans with non-service-connected disabilities may receive hospitalization if beds are available and if the patients are not able to pay, but it requires acceptance of the veteran's own statement under oath as to his inability to pay. Veterans' hospitals have been built or are now in the process of construction or authorization to make available 100,000 beds beyond the needs of veterans with service-connected disabilities.

#### 1. PRESENT SITUATION UNSOUND

We believe that the present situation is unsound, both for the veterans and for the Government:

From the point of view of the veterans' interest:

a. The patients with non-service-connected disabilities now receive only hospital, not outpatient, care. It is not possible, therefore, to employ effectively preventive measures which might avert long chronic hospitalization, unfortunate for the veteran and expensive for the Government.

b. The present eligibility provision for the care of veterans with non-service-connected disabilities is highly uncertain in its operation. Veterans, depending upon the nature of their disabilities or the area in which they live, may go on a long waiting list. The veteran has, therefore, no assurance of hospital care when he needs it.

c. Hospital care can be obtained only by taking the so-called "pauper's oath." This may be merely a form for many. But one effect is that many receiving care may be in much less financial need of this assistance than others who do not get it.

From the Government's viewpoint:

a. It is neither giving care to all veterans with such disabilities, nor is it effecting the economies of giving free care only to those who really need it.

b. It is increasing the cost of care by failing to provide early detection and treatment for chronic cases. For example, present knowledge is such that paresis among veterans could be prevented at small cost, whereas the present crop of 5,000 paretics in Veterans' Administration hospitals who must be cared for for life will have an ultimate total estimated cost to the Government of \$200,000,000.

c. The present provision, whether or not the Congress intended it, leads to the snowballing-up of additional facilities for veterans' care, far beyond those needed for service-connected disabilities, because the Government can make no intelligent over-all hospital plan, utilizing

community hospitals wherever it proves efficient to do so. This is because, under the present provision, care can be given only if a Federal hospital bed is available.

## 2. ALTERNATIVES

To meet this unsatisfactory situation, an initial determination must be made by the Congress. First, it must decide as a matter of policy whether to assume full responsibility for the care of non-service-connected disabilities as it now does for service-connected cases. As a practical matter, Congress has taken a very long step in this direction by its appropriations for constantly increasing the facilities of veterans' hospitals far beyond the present or prospective needs of service-connected disabilities, and by opening the hospitals to veterans without any inquiry into their need of free care. Therefore, the realistic choice open to the Congress seems to be between (a) providing hospital care for all or (b) making a real, not a nominal, limitation based on financial need.

a. If the Congress determines on a policy of complete hospital care for all veterans, there should be provision in the law which will make it possible to give care for non-service-connected disabilities in non-Federal hospitals on a reimbursable basis.

b. If the Congress decides to limit care to veterans in financial need, provision for screening is necessary for acute cases. But this is not requisite in our judgment in chronic cases. We have noted above that in the chronic diseases, such as tuberculosis and neuropsychiatric illness, which now constitute some 60 percent of all Veterans' Administration hospitalization, the illness itself almost uniformly is so prolonged as to make the patient medically indigent. Nonveterans with such illnesses are almost uniformly unable to pay for their care and are provided for in State, county or city supported facilities.

On the basis of his experience as Chief Medical Director of the Veterans' Administration, General Hawley estimates that in 98 percent of chronic cases veterans are really unable to pay for their care. It would be realistic, therefore, for the Government which is now contingently providing for these chronic cases only if beds are available, to assume generally and unconditionally the obligation to supply such care, thereby giving the veterans a dependable and self respecting protection against the spectre of the cost of a permanent crippling illness. On this basis, care for these chronic cases would not be given merely if a bed is available, but beds would be provided in Federal or community facilities.

c. We, of course, recognize as a third alternative that, if the Congress establishes a system of compulsory health insurance, the question of non-service-connected disabilities would be automatically

eliminated, as they would then be provided for in the same way as cases of other citizens.

d. If the Congress should decide to limit care in acute cases to real financial need (alternative (b) above), it could make provision for aiding the veteran under voluntary insurance to secure at reasonable expense care for non-service-connected disabilities in the following manner:

The insurance would cover hospitalization for acute non-service-connected conditions up to 3 months, including both hospital expenses and professional expenses in hospital. This would be done upon payment of a premium—roughly \$30 to \$40 per year—by the veteran for such insurance if he can afford it. If not, the Government, after determining his inability to pay, would make the premium payment. If the premium is not paid by either the veteran or the Government, the veteran would not be entitled to care, except in emergency cases of a nature which no hospital would refuse. The premium would be calculated on an actuarial basis for which, it is now established, there is sufficient experience.

Such insurance might be effected through nonprofit hospitalization insurance plans, provided these meet standards approved by the Government, or, if necessary, by the Government's writing the insurance itself and contracting for the service in local community facilities. We believe the former to be preferable. But if this proves impracticable, the second course is perfectly possible. A minority of our committee, however, does not agree that it is necessary for the Government to provide the insurance or that it should do so. If it is done it would be purely voluntary insurance for hospitalization and doctors' services in the hospital, and only for beneficiaries to whom the Government now owes a special obligation and is now rendering in its own facilities and with its own personnel free service upon application by the veteran.

### 3. PREVENTIVE ATTENTION

Both for the veterans and the Government's protection, the Veterans' Administration should be authorized to provide free out-patient care for tuberculosis, neuropsychiatric complaints and for syphilis. We mention these because they are, from the viewpoint of Government expense, the principal chronic diseases for which our committee considers that there is the best prospect of such preventive measures showing significant results. We must certainly avoid opening the floodgates to unrestricted out-patient care for all kinds of conditions, both because the cost and the facilities required would be enormous and Federal professional manpower does not exist to give such care. However, as the great group of veterans of World War II grows older, care of chronic cases will, as we have seen, become an enormous Federal liability unless all possible steps are taken to control it. Therefore, as medical science may produce dependable tests which will make

early recognition of other chronic diseases possible, or as it may develop specific remedies for them which, if employed in time, would avert long chronic illnesses, the National Bureau of Health should be authorized, upon determination to that effect to give out-patient care of essentially a preventive nature for them. Also, in addition to ordinary out-patient care for tuberculosis, the Bureau should be authorized to give chest X-rays routinely to veterans; in proposing this, we follow the recommendation of the chief of our task force and of our distinguished consultant in this disease.

### C. Merchant Seamen

As to the rights of this group, the law is entirely clear. The question is whether it should be changed. At present, seamen employed on United States flag vessels are entitled to free hospital and out-patient care by the Public Health Service. Certain other similar groups, minor in number, have like privileges. Care is generally given in the Public Health Service Marine hospitals, but also can be afforded by contract with other Federal or non-Federal institutions and individuals. Seamen on foreign flag vessels may be given medical care in the Marine hospitals when accommodations are available, but only on a fully reimbursable basis. Accordingly, there is no real problem now as to this latter group. Since provision exists for payment, the care can be supplied in non-Federal hospitals.

As to seamen on United States flag vessels, we are informed that under maritime law the shipowner is liable to a seaman, who becomes ill or is injured during a voyage, to supply maintenance and care as well as wages to the end of the voyage for which the seaman has signed, and maintenance and care for a reasonable time after the voyage is completed.

A study of this subject incorporated in the report of the "Inter-departmental Committee to Study Workmen's Compensation for Seamen" (S. Doc. 113, 77th Cong., 1st sess.), dated September 17, 1941, states:

As far back as 1798 marine hospitals were established for the benefit of seamen of the American merchant marine. Today there are such hospitals in almost every port of the United States and their facilities are available to seamen without cost. As a practical matter, the shipowner and his underwriter pass along their liability for medical treatment to the marine hospitals whenever possible. The courts hold the seaman must avail himself of the facilities afforded thereby, and cannot charge the shipowner with the cost of treatment privately obtained.

We question why the Government should supply without cost a service which the shipowner is legally obligated to render.

## D. Priorities

Among classes receiving care, if there are not funds sufficient for all, first must come personnel of the armed forces, veterans with service-connected disabilities and other direct wards of the Government, to all of whom an unconditional obligation is due; next veterans with non-service-connected disabilities, in real financial need, then those not screened for real financial need. Care for dependents of the armed forces is essentially a question of pay of military personnel. Care for Indians should be gradually transferred to the States. Merchant seamen should rate last.

## Chapter VII

# ORGANIZATION OF THE MEDICAL SERVICES IN THE ARMED FORCES

In recommending the transfer from the armed forces of all general hospitals in the United States and of such station hospitals as are located in parts of the country where other adequate Federal facilities exist, we have not been insensitive to its effect upon the medical departments of the armed forces and their internal organization.

It is basic that the armed forces must have supporting medical service subject to military control. A single service embracing military and civilian Federal medicine is not practicable.

In our studies of the armed forces we have exchanged information and ideas freely, and have worked closely, with the medical advisors to your Committee on National Security Organization, Dr. Howard A. Rusk and Dr. Richard L. Meiling. Although each committee retained complete independence in viewpoint and presentation, we have arrived at similar essential conclusions.

### A. Unification and Armed Forces Medicine

If there were no considerations other than economy and efficiency to be taken into account, a unified medical service supporting the Department of National Defense would appear mandatory for the same reasons that dictate unification of civilian Federal medical services. However, the structure of military medicine must conform to the organization of the National Defense Establishment. A unified medical service cannot exist in a vacuum in the Office of the Secretary of Defense with his duties constituted as at present (or limited to policy and excluding operations) and with three separate branches of service. Our Subcommittee on Armed Forces Hospitalization states the essentials succinctly in language which we adopt and part A which we have previously quoted:

The medical service of an armed force is a necessary and an integral part of that force. To separate it from the force is wholly or largely to destroy its usefulness. \* \* \*

\* \* \* so much of a medical service as is in direct support of an armed force is, and must continue to be, inseparable from that force. The functions of a



medical service are too diverse, and the responsibilities of commanders too inclusive, for medical personnel to be allocated and withdrawn solely on the basis of current need for medical care.

We are assuming, in the absence of any change in the functioning of the Office of the Secretary of Defense, that at present each of the three forces will have its own medical service. We recognize that this involves some overlapping, increase in personnel, and additional cost. Medicine could follow a merger, but it is difficult for it "to merge" without one. However, the disadvantages of possible triplication may be minimized by the adoption of some of the measures which are suggested herewith.

## **B. Avoidance of Duplication in Hospitalization**

The proposal to transfer general hospitals and most station hospitals in the continental United States to a single national hospital system will eliminate much of the existing duplication and conserve scarce professional manpower. The area surveys vividly show the greater efficiency that will result.

Overseas, the Secretary of Defense should assign to one of the services full responsibility for the hospitalization, and much of the outpatient care, of all United States personnel in each geographic area. This proved successful during the war; it should be done now in an even more systematic manner. This step would conserve scarce medical personnel and make optimum use of facilities. The service having greatest responsibilities in an area would be the natural choice for the task there.

For example, the above plan would at once correct such a waste as now exists in Hawaii. Under it, either the Army or the Navy would be designated as the service responsible for hospitalization. One of the two modern hospitals now being operated by the Army and the Navy, respectively, is sufficient to care for all military personnel there. The other could be made available to the civilian community, with its ownership retained by the United States Government against the danger of war.

## **C. Organization at Secretary of Defense Level**

Since coordination by consent is a very lame, slow, but withal an expensive horse to ride, strong control over medical policy must be exercised from the level of the Secretary of Defense. This should be by a Deputy—or preferably an Assistant Secretary of Defense—whose function would include armed forces medical service as a primary



responsibility. He should be advised by a committee composed principally of civilian doctors of medicine, with dentistry also represented, together with the two Surgeons General and the Air Surgeon. With the advice of the committee, the Deputy should allocate available professional personnel among the armed forces, issue directives to correct duplication, assign areas of responsibility for hospitalization, make certain that no unnecessary station hospitals are maintained in the United States, and generally, acting with the full authority of the Secretary of Defense, coordinate the three medical services with the proposed National Bureau of Health.

The Advisory Committee should be organized with a small working subcommittee of the two Surgeons General and the Air Surgeon, to deal with many operational problems which should not require civilian advice or assistance. The full committee should act principally upon policy questions. Existing programs for residency training, concerning which there has been much question, and, assuming the passage of a draft law, the extent to which the drafting of medical personnel would be permitted, would be important matters for special consideration. Relationship with the civilian medical profession would also be maintained and strengthened by such a committee.

Medical supply, which we later recommend be made the responsibility of one of the armed forces, should also be under the general supervision of the Deputy to the Secretary of Defense.

#### **D. Position and Functions of Surgeon General of the Army**

The Surgeon General should have direct access to the Secretary of the Army and the Chief of Staff on important matters affecting health, medical care, and medical personnel.

The Army's relationships with the medical profession should be supervised by the Deputy and Advisory Committee to the Secretary of Defense above proposed, and should no longer be primarily an Army problem.

The Surgeon General has only splintered authority over hospitalization, medical care, and medical and ancillary personnel because of the conflict between professional concepts on the one hand and the Army's emphasis on command responsibility on the other. In this country, the Surgeon General has no real control over station hospitals, and lacks complete freedom in management of medical personnel in the six Army areas. If the Surgeon General were given direction over the remaining station hospitals in this country, the personnel operating them and the general dispensaries (in general, the medical service except the so-called "attached medical") to manage

as an integral unit, more efficient use of personnel and facilities should be possible.

In overseas theaters, the same difficulties in medical management exist, but the greater importance of command responsibility makes the problem more complex. However, the command authority of the theater is not jeopardized by the Surgeon General's exercising technical authority, with the right and duty to make inspections, and with the expectation that his professional advice, his judgment as to assignment of personnel, and medical policies, should, as a general matter, be accepted, upon the basis that he is the chief medical advisor to the Secretary of the Army and the Chief of Staff. Too great emphasis on command authority and insufficient attention to technical professional direction have been real weaknesses and should be corrected.

The Surgeon General of the Navy is in a sounder organizational position for the discharge of his professional functions. Testimony indicates that the Navy concept of command recognizes military command, management control, technical control, and coordination control. The military commander of course has military control, but this is limited to matters inherently necessary to maintain command. The Surgeon General of the Navy has management and technical authority, under which he assigns personnel and manages the hospital system. Organizational difficulties which in the Army have been very serious, have thus been overcome. Consideration should be given by the Army to changes in this direction.

### **E. Medical Service in the Air Force**

Representatives of the Air Force testified before our committee that they did not desire general hospitals, but that they did wish to recruit their own medical personnel. The present relationship between Army and Air Force medicine is not satisfactory. If a unified medical service in the armed forces were possible, there should not be a further split. But subject to the limitations above explained, and to the proposed plan for supervision from the Secretary of Defense level, we believe that the Air Force should be given the right to operate its own medical service.

### **F. Concentration on Basic Military Mission**

Much greater effort should be expended in planning and preparing medical support for military operations, and relatively less emphasis be placed upon the care of illness and accidental injury occurring dur-

ing peace. Between World Wars I and II, the latter function too largely occupied the Army Medical Department. An illustrative result was that the plans for cantonment-type hospitals initially available for World War II were essentially those left from World War I. Again, hospital administrators who were to command great institutions under unusual difficulties were largely Army doctors in middle life whose principal experience had been bedside care. Experience in the European theater alone convincingly demonstrated the inadequacy of a large number of these men for such executive tasks, a failing which was not primarily their fault. It arose from inadequate long-range planning for war. We feel that there is a genuine danger that this weakness is recurring. It is accentuated by the shortage of medical manpower which has led to a concentration of effort on the recruitment and maintenance of a professional staff.

The report of our Subcommittee on Armed Forces Hospitalization states that:

The most important responsibility of a medical service in peace is constant readiness to support its parent force in war. Our own military history indicates that this responsibility cannot be neglected without unfortunate effect in the next war. The exclusive employment during peace of a medical service of an armed force in the routine care of the current sick and injured no more prepares it for war than would comparable employment of fighter pilots in commercial aviation, or of infantrymen in municipal police forces, prepare them for war.

Easing the burden of current medical care by shifting elsewhere a large part of the general hospital care and some of that in station hospitals, will enable the armed forces to concentrate on their primary mission of preparing for war.

To this end medical officers should, after reasonable opportunity to arrive at a decision, elect whether to make their careers primarily in bedside professional care or in planning for war. The latter could be made a career with great promise and attraction, for these men would be the leaders if hostilities should commence, and would necessarily receive the most rapid promotions. They would be trained for such key administrative posts as chief surgeons of overseas theaters, surgeons of armies, and commanders of the great military hospitals. Their peacetime assignments should be calculated to serve these interests primarily. They should be kept in touch with the progress of professional medicine through refresher courses at the best hospitals from time to time. They should be detailed to important administrative posts, including that of director, in large hospitals in the proposed National Bureau of Health, to gain experience, and further develop the science of hospital administration. Their duties would include

participating in the peacetime planning of the mobilization of civilian doctors. They would be the key executives of the military medicine of the future.

This expert competence in the administration of military medicine can be based only on familiarity with and respect for preventive medicine. The balance of military potential in war does not rest on firepower alone but on the control of communicable disease, the maintenance of health in a wide range of environmental conditions, the elimination of hazards peculiar to the machines of war, and the control of mental attitudes which lead to psychological disturbances and end in psychiatric disabilities. Military medicine should not only develop experts in these special fields but by vigorous research and development achieve the leadership that is its heritage.

Another alternative offered Regular Army medical officers should be a career in bedside care, including specialization in a chosen field. Continuity of assignment in that field should be assured, and a fair balance should be provided between overseas and Zone of Interior duty. Extensive training opportunities should be given in the best hospitals of the National Bureau of Health and in the three medical centers of the armed forces.

We have recommended that each of the three forces maintain a medical center, one component of which should be a hospital. The other components should be a center for post-graduate education in military medicine and a research institute occupied with medical problems identified with the primary operations of the force. If these objectives are to be attained, these centers cannot afford to impede their activities by a heavy work load of routine patient care. They must free their research laboratories of procedures, once these have been developed and standardized. Educational responsibilities must be directed to the postgraduate level with particular emphasis on military medicine in its broadest aspects. The work load of undergraduate medical education should not be undertaken.

From a functional standpoint, therefore, it is our opinion that military medicine is in essence total medicine. Its scope is as poorly represented by the board certified specialist in a large hospital as by the general practitioner on an army post. In planning for war, it can be assumed that sufficient doctors will be obtained from civilian sources to carry the work load of both general and specialized remedial medicine. The emphasis of the peacetime medical service should be directed broadly toward formulation of the military aspects of medicine as a whole. This will be achieved by integration of experts from all special areas without undue emphasis on any one.

## G. Medical Personnel

### 1. DRAFT OF PHYSICIANS

No savings which can be produced by our recommendations will be sufficient in time or in quantity to avert the need for a draft of doctors. But it can be greatly limited. There is a pool of about 8,500 former Army Special Training Program and Navy V-12 students who have never rendered any military service. They were protected from the call to war, were allowed to pursue their education for their chosen profession and received Federal support while so engaged.

But they should be drafted only for services truly essential to the primary mission of the armed forces.

If this pool is conserved, as it would be under our recommendations, this group can meet all needs of the armed forces for 4 or 5 years, unless war occurs.

After them, there should be drafted those who, while not in the Army Special Training Program and Navy V-12 groups, were also deferred during World War II to pursue their medical education and those who may be deferred under the current draft because they are medical students.

The general principles set forth in the above discussion also apply to dentists.

Our area surveys, our manpower questionnaire study, and our review of hospitalization in the armed forces, have convinced us that the present medical personnel requirements of the armed forces are not justified in full. We believe that a thorough review of these requirements by the Deputy to the Secretary of Defense and his new committee should precede any draft legislation.

### 2. RESIDENT TRAINING

Programs of residency training which the armed forces are now conducting, insofar as these are operated in armed forces hospitals, should be discontinued except in the single medical center conducted by each service respectively.

Residency training for all the armed forces should be included as one of the functions of the nonmilitary Federal hospital system and uniformed personnel should be received for such training. The armed forces should have the privilege of placing their personnel in the nonmilitary Federal hospitals for rotation and training, including refresher courses. This would prevent armed forces' specialists from having unduly heavy tours of duty overseas or being deprived of opportunities for study and experience in general hospitals with outstanding staffs. The presence of some uniformed personnel in the nonmilitary Federal hospitals for these purposes would be and should be recognized as a true military necessity.

On account of the emphasis placed by the Army and Navy on residency training, our Subcommittee on Hospitalization made a special study of the subject. The conclusions of this committee, including the recommendations above, may be summarized as follows:

Resident training is of indispensable value but the value is dependent upon quality rather than quantity; residencies in the Veterans' Administration hospitals are conducted under the committees chosen by the deans of medical schools and are carried out by fully qualified specialists in civilian life. On the other hand resident training in some armed forces' hospitals is unsatisfactory because the officers conducting it are not themselves in many cases adequately trained and because the civilian consultants do not supervise the training closely enough and are not sufficiently active. Further, resident training in the armed forces does not seem to be directed effectively toward the needs of the services. We find that there are in training on active duty status 10 percent of all obstetricians, 6.7 percent of all pediatricians, and 16.7 percent of all thoracic surgeons who are preparing to care for the entire population of the Nation. As the personnel of the military establishment with all their dependents accounts for less than 2 percent of the total population, it appears that resident training has become seriously unbalanced and a goal in itself. It leads inevitably to measures designed to increase the work load in order to make the program successful.

Residencies also received consideration by our Subcommittee on Medical Manpower, with substantially identical conclusions.

It is clear that, in the arid postwar recruiting climate for medical officers, the device of resident training was seized upon as virtually the only means of attracting voluntary service. Although the armed forces started resident training in order to procure doctors, they found it necessary to add greatly to their patients to maintain their residencies in order to supply sufficiently diversified clinical material. Dependent care helped, but was insufficient, and about 7,500 bed credits were established for veterans.

Accordingly, this device for procuring additional doctors itself created a great additional work load which, in turn, necessitated more doctors, completing the cycle.

There are also extensive residencies which have been established by the armed forces for the training of medical officers in civilian hospitals. These officers receive full pay and other emoluments of active duty status but render no service to Federal patients. They are an extremely expensive addition. A very careful scrutiny of such policy in each specialty would be needed to see whether any, and how many, of these residencies should be continued after the armed forces have been given the opportunity to train residents in the Federal hospital system we have proposed. While training in the Federal system a resident has been estimated to be able to give the equivalent of from 50 to 70 percent of the patient care given by a full-time staff doctor. No such value, either in dollar or manpower saving, exists in residencies in non-Federal hospitals. Pending a close study, such residencies should be recognized as so costly that they are justifiable only

as an emergency measure to fill a gap which could not otherwise be bridged.

In this discussion we are assuming that the armed forces' residency program is sound from the point of view of the armed forces' ability to continue to hold the residents after graduation. At present the residents merely obligate themselves, after completion of their course to serve 1 year or more for each year of residency training. If, as there seems strong reason to believe, and as both our subcommittees which considered the subject concluded, the total service rendered by recent recruits will not exceed their obligated service, the armed forces' residency program will be an extremely expensive device on this account also. It must be recognized, however, that the armed forces will continue to need specialists for overseas hospitals and for some station hospitals in this country and at this time we know of no better method of procuring them than to train them. But this should be done in the hospitals of the National Bureau of Health and the three armed forces' medical centers and, to the minimum additional extent necessary, in non-Federal hospitals.

## **H. Maximum Hospital Benefit and Length of Stay in Hospitals**

The present doctrine of "maximum hospital benefit" should be abandoned. As our Subcommittee on Armed Forces Hospitalization stated, "It has been the policy for many years to retain all surviving disabled in service until they have received maximum benefit for hospitalization. Not infrequently this results in the retention of cases in military hospitals for one, 2, or even 3 years after their military usefulness has ended." In explanation of this policy in the past, it should be remembered that, until the last 3 years, Veterans' Administration hospitals were unable to provide medical care of the same high quality as the military. More recently, the armed forces' residency training programs have tended to stimulate retention of these cases because they are desirable to furnish a wider variety of clinical material for such teaching.

In our view, these patients under the existing organization should be cared for by the Veterans' Administration. The proposed new hospital system would eliminate the problem of hospitalization, but not that of pay. At present the patients are retained on active duty in certain cases because of the large investment in special training and experience which the Government has in some of them, from which it might be possible to get some small dividend in the form of future limited service. Also in part, they are probably retained because of added privileges in military hospitals. But the question is also a



matter of compensation. As long as the patient remains in the hospital, he is on active duty and draws full pay.

If an officer is retired for disability, he draws three-quarters of base pay, which is roughly half of his total active duty compensation. It seems apparent that this is a significant factor explaining the practice of keeping officers for long periods in Army and Navy hospitals after they are of little prospective military value. It does not furnish a valid reason for such practice.

An adverse financial change also affects enlisted men when separated and transferred to veterans hospitals.

It is not our function to determine what would be an equitable financial formula for such military personnel when they ought to be separated but still require hospitalization. However, the length of medical care in military hospitals ought not to be determined by such considerations. It should be noted that it is equally important not to make the provisions for compensation while in veterans hospitals so alluring as to prolong stays there for financial reasons.

A considerable amount of retention on active duty is a result of the present disability retirement law, necessitating a final determination as to the existence of permanent disability. The British system does not require this and permits later reevaluation. We might profitably follow this example.

Under the policy of maximum hospitalization the Army and Navy both operate tuberculosis hospitals for patients who have little prospect of ever returning to duty and no prospect of early return. The Navy has recently announced the building of a new hospital with elaborate equipment for radiation treatment of cancer and is establishing a new psychiatric center in its Houston hospital. Treatment of patients of the above classes except in the acute period does not serve the primary mission of the armed services, and with the present and prospective shortage of medical personnel it is indefensible to draft doctors to care for such patients when there are excellent Veterans' Administration hospitals for them.

A basic change in policy is, therefore, recommended to separate patients from the armed forces as soon as their early return to active duty is found to be unlikely.

## I. Average Lengths of Stay in Hospital

These are now excessive as above pointed out. They should be cut down to some basis consistent with real need for bed care. This will still be important in the three medical centers, in remaining station hospitals in this country and in all overseas hospitals.



## Chapter VIII

# HEALTH RESOURCES AND MANPOWER ALLOCATION IN TIME OF EMERGENCY

### A. Requirements of Civil Defense

No reorganization of the national health structure should be proposed without considering its relationship to the planning for civil defense. For background material we have had access to the report on Civil Defense for National Security prepared and recommended by the Office of Civil Defense Planning, dated October 1, 1948, from which we quote:

To care for the civilian sick and injured in a war which reached into American cities would require mobilization, through Civil Defense, of all the facilities and manpower in medical and health fields.

Wherever attack might occur there would need to be units of professional personnel trained and equipped for the unusual task of caring for the injured where the numbers might run into hundreds of thousands.

Paralleling this medical care need, would be problems of public health: The measures to protect against disease; against contaminated water, milk and food; against the disease of animals.

Recognizing the need for central civil defense operational control in metropolitan areas, the report concludes that:

Emergency conditions will not permit of delays in crossing municipal, county, or State lines because of difference of governmental entity in an area where municipalities are contiguous, boundary lines artificial, and the populace united in concert of purpose and needs.

Similarly, emergency conditions will demand that all hospital facilities in critical areas be pooled and placed under civil defense operation control. The single hospital system of the National Bureau of Health could move quickly in response to the needs of civilian authorities or, if the situation demands, martial rule. Under its unified administrative control, patient groups could be transferred at the first alert warning. Already closely integrated with other community resources, in time of emergency the common purpose could be effectively served.

In making recommendations concerning the structure of the Medical Care Division of the proposed National Bureau of Health, we have stressed both regional autonomy and close integration with voluntary

medical services. Isolation of Federal medicine as something apart from the community is no longer tolerable either in peace or war. Developments since World War II show the need for dissolving existing barriers. Active participation or leadership in civil defense planning, to prepare a program of medical service for a war emergency to encompass the total needs of the country, will tend to bring further community of effort and purpose into our medical economy which would be required if war should come.

While hospital facilities can be improvised for emergency need, this is not so with medical manpower. The Civil Defense report expressly recognizes this problem in saying:

Thousands of physicians will be required in the Nation-wide program. Many of these men will need to possess special surgical or related skills. \* \* \* Furthermore, they may be needed not only for service in their own communities but for duty with mobile medical casualty units which can be sent to the assistance of other stricken cities.

In addition, many of the country's younger physicians will be required for active duty in the armed forces. But to drain civilian areas of doctors for this purpose would necessarily throw an impossible burden of medical care on those not eligible for active duty because of age or disability.

Under emergency conditions, the distribution of medical manpower within geographical areas defined by civil defense authorities would necessarily be determined by the total needs of the area. Only in this manner could the requirements be met, and the services of specialists be utilized to the fullest extent. The individual doctor would thus be able to care for the maximum number of patients compatible with his physical endurance and specialized skills. Except for those mobilized for rock-bottom needs of military service or sent to the aid of stricken areas by civil defense, the doctor should be working in his own community where his efforts can be expended with the greatest efficiency. He should there also give as much care to sick and wounded military personnel as possible, and the system we have proposed makes this possible.

## **B. Manpower Allocation**

The allocation and assignment of medical personnel between the civilian population and the military was a difficult problem in World War II. As we have noted above, Dr. Hawley's subcommittee reports that the solution was "barely tolerable" even though the country escaped both epidemics and enemy attack upon the civil population. Had either of these contingencies occurred, those at home would have suffered for lack of sufficient medical care. With the rapid development of new weapons for total war, the medical needs of the civil

population must henceforth be given much greater consideration in the distribution of medical resources in war.

Difficult and unsatisfactory as must be any mechanism for the allocation of scarce personnel, for equally vital competing requirements, experience makes it obvious that in war some central direction must channel available personnel on the basis of respective needs. A plan must be in existence for immediate execution if an emergency arises. Its formulation should not be deferred. For successful operation there must be a single authority in planning and execution, which can speak in the name of the President and which is not identified with any of the claimant interests. A board or committee which includes the claimant interests may usefully advise, present their respective requirements, and make such adjustments and accommodations as prove possible by agreement. But a group which must depend upon agreement among divergent interests cannot be charged with the formulation or execution of the plan. That way lies paralysis.

Either the National Security Act is not sufficiently definite or the action taken under it so far has been inadequate, for the plan that will be essential to the allocation of medical personnel in an emergency, so far as we can learn from the testimony before us, has not yet been formulated.

The evidence shows that medical manpower is one of the scarcest of the resources essential to the country in war. Its production cannot be increased in response to emergency demands. It cannot be stock piled. A sound program of conservation centers on allocation and distribution in accordance with absolute requirements, not in response to claimant estimates of needs. Furthermore, plans based on precise calculated requirements must be in shape to be put into immediate operation on proper authorization.

Our experience shows that planning of this character needs an effective and independent staff not identified with claimant interests and equipped to find the facts and do its thinking for itself. This staff must both assemble factual data from basic sources and itself subject them to rigid analysis.

### C. Medical Supplies

We note that the above-cited report on civil defense proposes that the responsibility of procuring and maintaining medical and surgical supplies for medical phases of civil defense be assumed by the Medical Department of the Army. Regional depots are proposed to avoid costly deterioration of perishable drugs and biologicals. We deal with this in chapter XIII covering "Medical Supply."

## **D. Greater Use of Ancillary Technical Personnel**

In any future war, the shortage of medical manpower would be so acute that national service of doctors, dentists, nurses, pharmacists, and all other ancillary persons trained in health and medical services would be essential. Special training programs for ancillary personnel in highly specialized civil defense activities related to this field are recommended by the civil defense organization. The leadership that should be exerted in this field by the National Bureau of Health is discussed in chapter XI.

## Chapter IX

### PUBLIC HEALTH FUNCTIONS OF THE NATIONAL BUREAU OF HEALTH

The Federal public health organization is much less confused now than before the principal units were gathered together in the Federal Security Agency. A number of important public health activities are still outside that Agency and perhaps should remain so in recognition of the importance of having the maximum number of agencies develop an active interest in health. It is equally important, however, that these activities be coordinated. Accordingly, we have not proceeded on the assumption that it was either necessary or advisable to draw all health activities under a single administration. We were, however, cognizant of some jurisdictional disputes and internal maladjustments.

All Federal public health functions and agencies, with the exceptions noted, should be transferred to the Public Health Division of the proposed National Bureau of Health. Specifically, this includes:

1. From the Public Health Service, the Bureau of State Services, the quarantine activities of the Bureau of Medical Services, the Biologies Control Laboratory and the cancer control activities of the National Institutes of Health, and Offices of Sanitary Engineering and of Dentistry from the Office of the Surgeon General.

2. The Food and Drug Administration.

We do not recommend the inclusion of the preventive medicine functions of the armed forces, the Children's Bureau, the Office of Vocational Rehabilitation, or meat inspection or other activities of the Department of Agriculture.

The most important functions of the Public Health Division will be (a) the administration of grants-in-aid to States and the provision of technical assistance and demonstrations, (b) the conduct of a clearing house of information on public health activities of both public and private agencies, including the conduct and sponsorship of research in public health problems, and (c) the establishment and enforcement in interstate commerce of regulatory standards for food, drugs, medical, sanitation, and other types of equipment used in health services.

Federal grants in the public health field have proved extremely useful. They have been to a great extent responsible for making full-time local health service available to more people (37 percent in 1935 up to 72 percent in 1946). Instead of retarding, grants have

actually stimulated greater financial participation by State and local government in support of local health work. The Federal share of the cost of State and local health departments fell from 46 percent in 1937 to 29 percent in 1946. Both quality and quantity of public health workers throughout the Nation have improved because of the training programs and Federal insistence on the merit system. The great majority of States are now active in health fields which were being neglected in 1935.

Health grants are now administered in 12 different categories by 3 Federal agencies. While the categorical approach has fostered new programs and enlisted support from interested groups, many local health officers have found it difficult to organize balanced health programs adapted to meet varying local needs. Only because the disease problems have been so great in relation to funds available for attacking them has the overlapping been relatively small. It is recommended that grants be made on a general health basis and that further development of full-time local health units be fostered to provide the basic framework upon which the various special programs must be engrafted. The Federal structure for administering grants needs simplification and decentralization with minimum supervision of the States consistent with sound planning and administration.

Field representatives should be authorized to transact business with States under a policy of maximum decentralization. Field representatives of all bureaus of the new cabinet department should have offices under the same roof if possible and work under a regional director for the department who would be responsible for "housekeeping" administration, general coordination, and for supervising joint fiscal and merit system audits. Specialist consultants in health should be assigned to specific research or demonstration projects rather than to the regional office, but should be available on call. Decentralization cannot work effectively without ample travel funds so that the central office may keep in close touch with regional offices and they, in turn, with the field.

While all of the grants-in-aid functions of the present Public Health Service should be transferred to the Public Health Division of the National Bureau of Health, there is a question as to whether the administration of all of the grants-in-aid now administered by the Children's Bureau should be transferred to the new Public Health Division. The history of the Children's Bureau has shown the great value of an agency with the broadest possible approach, so situated administratively as to be able to work for the best interests of the whole child in all areas of health, welfare, and educational activity. It is the view of your committee that it should function as a staff unit directly responsible to the secretary of the proposed department rather than having its health and other functions split and united with the major component units of the department. It is our view

that it should conduct research directly and through grants, carry on training and demonstration programs, provide technical assistance to other Federal agencies, State and local governments and voluntary agencies, and set standards. In this connection, we are of course assuming to speak solely from the health service standpoint.

On the other hand, we have concluded that it would be administratively unsound to leave the administration of the grants for maternal and child health and for crippled children in the Children's Bureau indefinitely. In our view, in not more than 3 years these grants, which comprise integral parts of State and local health department programs, should be consolidated with the other health grants-in-aid administered by the Public Health Division, in a special grant unit.

We have no doubt but that the preventive medicine functions of the armed forces must remain within the control of the armed forces because of the obvious necessity of having the control located with the troops.

The meat inspection service now in the Bureau of Animal Industry should remain there. It is a service operated by veterinarians trained in animal pathology and should be associated with related operations. The control of animal biologics should also continue in its present organizational location. Other activities of Agriculture relating to human health should be coordinated with general health work of the Federal Government, under the leadership of the Director General of the proposed Bureau of Health.

Numerous Federal agencies quite properly carry on health activities which should not be transferred to the new cabinet department. Interest in health should be as broad as possible, but it is essential that responsibility for coordinating all Federal health work be legally placed in the Director General of the Bureau of Health. He should be more concerned than anyone else in mobilizing the health resources of the whole Nation for a concerted effort. Work in the fields of nutrition, mental health, environmental sanitation, industrial health, the health aspects of housing, health education, and international health is carried on by various Federal agencies and requires strong coordination by interdepartmental and interagency committees provided with proper secretariat. Such committees should assist in solving existing jurisdictional disputes over industrial health, milk inspection, hospital construction and stream pollution control. They should agree upon suitable divisions of work and prevent duplication and contradictions in policies and educational materials. Problems of rural health and the health of migrant labor demand approaches on a broad governmental front involving many Federal agencies.

The technical health personnel required for health programs operated by nonhealth agencies should be assigned from the proposed Bureau of Health to work under administrative direction of the agency to which assigned. Such assignments of commissioned officers from

the Public Health Service to other agencies have demonstrated effectively the value of this coordinating mechanism.

The Association of State and Territorial Health Officers serves a very useful function in keeping the Federal Government aware of State and local health problems; and the National Advisory Health Council should also be continued with coordinating authority over subsidiary councils functioning in special fields such as mental health and hospital facilities. The Bureau of Health should play an active role in the National Health Council to maintain liaison with voluntary health agencies and there should be close relationships with professional organizations.

The need for intensifying our activities in preventive medicine and public health is discussed later in chapter XV.



## Chapter X

# RESEARCH AND TRAINING IN THE NATIONAL BUREAU OF HEALTH

Research and medical education are inseparable in any really broad medical program. We, therefore, recommended a Division of Research and Training. This Division should have cognizance of all the activities in research and medical education which are appropriate to the Bureau's huge program of direct medical care, and should administer those which are dictated by its broad responsibilities for the health of the Nation. Medical research, oriented toward military problems, whether basic, applied, or developmental, should continue under the control of the armed forces. Similarly, the classified program of the Atomic Energy Commission must be separate. Because of their intimate relation to its primary mission, research activities of the Department of Agriculture related to health should also remain undisturbed.

In research there is need for a certain looseness and flexibility of administrative control. By their very nature, research activities are directed at new solutions and are easily stultified by rigid controls.

They must have a large measure of autonomy if effective, imaginative work is to be done. A certain amount of duplication here is scientifically desirable. Such budgetary controls, coordination of effort, and broad planning as may be necessary to fulfill the responsibilities of the division, therefore, should not prejudice the maintenance of a large measure of autonomy at the level of the man with the ideas.

But some coordinating mechanism is needed under which research activities truly vital to national welfare may be considered. The armed forces have such a coordinating body in the recently appointed Committee on Medical Sciences of the Research and Development Board.

1. We recommend the establishment of a similar Committee on Medical Sciences for the continuing study and coordination of medical research activities of the nonmilitary Federal agencies, consisting of representatives of the Division of Research and Training of the new Bureau, of the Atomic Energy Commission, and of the Department of Agriculture.

2. We recommend that representatives of this new committee, together with those of the Committee on Medical Sciences of the Research and Development Board, be appointed to a new Interagency

Committee on Medical Sciences to review the broad programs of all Federal agencies as a whole.

The duties of the Interagency Committee on Medical Sciences should relate less to the intramural programs, where autonomy should be virtually complete, than to the programs of contracts, grants-in-aid, and institutional grants to non-Federal institutions. The agency programs of the latter type must yield some measure of autonomy in favor of cooperation and coordination directed at insuring not only economy, but also the broad coverage which the entire Federal program must have.

When the National Science Foundation shall have been established, the Interagency Committee should include representatives from the medical sciences unit of the Foundation.

We recommend the creation of a National Science Foundation, not as a specific organizational reform in the Federal medical service, but as an obvious means of insuring the strength in basic sciences upon which our national security rests and upon which the future progress of scientific medicine depends. Some members of our committee feel that the Foundation should cover the social sciences as well; others stress that it should include lay members. Our concept of a Foundation, it should be pointed out, calls for very great powers and resources to sustain and, where necessary, to increase the output of basic scientists, to develop new fields of knowledge, and to support educational and training institutions. We visualize no change in the responsibility of the proposed Division of Research and Training after establishment of such a Foundation.

The proposed Division of Research and Training should include among its activities direct conduct of laboratory and basic research, administration of grants-in-aid programs, and maintenance of a clearinghouse for research information. Behind these functions should lie an over-all responsibility for planning an integrated research program for the Bureau with the advice and recommendations of the operating divisions. Budgetary control of funds should rest with the Division of Research and Training. This does not mean that there shall not be, incident to such functions as medical care and prevention of disease, research outside this budget. Such autonomy at the level of the research worker is essential but it should not be extended to major expenditures of public moneys.

The laboratory and experimental work presently carried out in the National Institutes of Health would be transferred to the division.

Clinical research is a more complex problem. For the most part it would be done in hospitals under the proposed Medical Care Division. Yet the Congress has recently authorized construction of a Clinical Research Center for the combined clinical and laboratory investigation of cancer, mental disease, and cardiovascular disease. Under the principle of autonomy, the individual hospitals of the pro-

posed Medical Care Division would have their own independent funds to the maximum degree thought wise by the director general and his advisors. They would engage in research as an inseparable part of teaching and good medical care with provisions for only local review of individual projects. The Medical Care Division would exercise budgetary control over relatively small allowances to individual hospitals in the light of their special needs and accomplishments, within such over-all policy as the director general should prescribe, but would not operate its own separate research section. The Division of Research and Training should retain responsibility for the allocation of major funds to individual hospitals and for developing projects involving a number of hospitals. It should also provide necessary leadership in promoting small-scale projects within the jurisdiction of the individual hospitals, as new fields of investigation open up or strategic opportunities remain unexploited.

The division would operate the proposed Clinical Research Center of the Public Health Service. The chief of the division and the director general should know and consider that many experienced non-Federal educators and investigators are apprehensive lest the staffing of this great center so deplete the personnel of existing non-Federal institutions as to be detrimental to the medical economy of the Nation as a whole. If these fears prove justified, the rate at which construction, operation, and staffing of the center shall proceed should be so adjusted as to avoid it. In the interests of research efficiency, the work of this center should be coordinated with that of other clinical centers in the Medical Care Division to promote efficient medical care and maximum utilization of specialist personnel.

The research grants-in-aid program of the Public Health Service, now under the National Institutes of Health, and of corresponding functions in the Medical Research and Education Service of the Veterans' Administration should be transferred to the new division. The consolidated program should serve the broad research purposes of the Bureau and pertain to all types of medical research. It should include projects for which Federal facilities are inadequate or non-existent. This should be pursued as a permanent program, not as a temporary solution for a mere shortage of Federal facilities. To build up within the Federal Government a research potential of sufficient size to meet the full research needs of the Bureau would be at the expense of well-established non-Federal centers of investigation, and would have far-reaching, damaging consequences for the medical economy of the Nation.

We recommend, not only that an extramural program be continued but also that emphasis upon project research, financed by grants-in-aid and contracts, be changed in favor of a more sustaining type of support. Despite the invaluable aid which these programs have afforded to the medical schools during the postwar period as the

exclusive means of supporting extra mural research they have marked disadvantages. We recommend that more use be made of long-term grants for long-term projects and institutional grants, including funds for construction, directed not at narrow, carefully delimited projects but at larger problems to be attacked from various points of view and over longer periods of time.

The clearinghouse function would have essentially two parts: (1) Collection and dissemination of information about and emanating from various research projects, whether or not they are under Federal aegis; and (2) maintenance of a Nation-wide inventory of medical research and facilities by location, type, and sponsorship.

We recommend further that the design of broad research programs, the choice of investigators and of institutions, and the review of research proposals be referred to appropriate non-Federal experts for advisory opinion, but without diminution of the responsibility of the director general. Such formulation and review should pertain to the broad research policies of the Bureau, to the expenditure of major funds for intramural research, and to the disbursement of all funds for extramural research. The advisors must have not only scientific competence and general wisdom but also complete independence of Bureau ties and obligations. At least two successful patterns now exist for providing such advisory services and, although we do not recommend any particular pattern, we do recommend that, before deciding upon his advisory bodies, the director general request and consider advice from the National Academy of Sciences.

Investigations in public health methods, epidemiological research, surveys of the Nation's health, vital statistics, and the establishment of general bench marks to guide public health activities, should be under the complete control of the Division of Public Health.

The educational programs would also be varied. In addition to whatever may be appropriate for the educational arm of an organization with such great responsibilities for medical care and investigation, the Division of Research and Training would have a fellowship program along the lines of that presently conducted by the Public Health Service, would administer whatever aid to the medical schools the Congress might decide to give, and would be administratively responsible for the present Army Medical Library (for which a new building is urgently required). This latter would become a national medical library. An advisory committee on professional training and education would be essential to the proper exercise of these responsibilities. It may be noted that we do not recommend transfer of the Army Institute of Pathology, which should remain in association with the Army Medical Center. The fellowship program of the Division to help meet the acute shortage of trained and experienced workers in the medical and biological sciences should supplement the endeavors of the National Science Foundation and not compete with it.

## **Chapter XI**

# **PERSONNEL POLICIES IN FEDERAL MEDICAL SERVICES**

### **A. A Single Type of Career Service is Requisite**

In a merger of Federal civilian medical services, there would be drawn together Veterans' Administration medical personnel employed under the special Veterans' Administration statute Public Law 293 (under which such employment was lifted out of Civil Service), commissioned personnel of the Public Health Service, and all medical professional personnel employed under Civil Service by the new Bureau. These groups should form the nucleus of a single new career service. It would be impractical to make this a commissioned corps.

The Civil Service has never functioned effectively in providing an adequate professional-career service for medical and ancillary personnel partially because of its relatively low-salary levels and partially because of its rigidity, slowness, and lack of opportunity for promotion. Public Law 293 was a long step in the right direction and it should be the framework for the new service. We checked this matter with the Personnel Management Task Force and were informed that such a plan would not be inconsistent with its recommendations. Civil Service medical personnel should, where properly qualified, be taken into the new service in the same way that Civil Service medical personnel of the Veterans' Administration have been absorbed. Members of the commissioned corps of the Public Health Service should be given the option of positions in the new service or of continuing in their present commissioned status, but no new commissions should be issued.

It should be recognized, however, that part of the present success of Public Law 293 has been due to its more generous salary scale, as compared with those of Civil Service, the military and the Public Health Service commissioned corps. Also it is in part due to the fact that there have been substantial numbers of vacancies in the higher grades in the Veterans' Administration which, for the present, permit rapid promotions. This will obviously no longer be the case once the upper grades are filled and if a rigidity comparable to that in the Civil Service makes its appearance. Public Law 293 is particularly deficient, however, in its provision for qualitative selection and

regular advancements, both of which are essential for effective personnel administration of health services. Its provision for 25 percent additional salary for specialists in clinical medicine, while useful in a program that is largely clinical in character, would be inequitable in a general health program. Specialists are not clearly defined in the fields of preventive medicine and research, although physicians and other professional personnel in these fields must have at least as much postgraduate training and experience as clinical specialists. Most nonmedical professions have no ratings comparable to specialists. The term "specialist" has no relation to competence in many of the health professions. Since the health agency will employ thousands of nonclinical, medical, and nonmedical personnel who will have no opportunity for certification as specialists, it appears that payment of additional salaries to clinical specialists would create serious morale and administrative difficulties among the personnel engaged in non-clinical work who are fully as essential in a general health program as are the clinicians. It would seem advisable instead to provide additional promotion credits or advance appointment credits for individuals of all health professions who possess advanced or post-graduate training.

Of particular importance in Public Law 293 are the liberal and flexible provisions it makes for the employment of part-time civilian specialists utilized not only for consulting and teaching purposes but for actual participation in the treatment of patients. This measure represented a real advance, and has contributed immeasurably to the success of the new regime in the Veterans' Administration. It is essential that similar provisions be made as to the terms and conditions under which civilian specialists may be employed for the new service.

The modernized and improved personnel system (Public Law 725, 79th Cong.) of the Foreign Service of the State Department should also be considered in planning the new personnel system for health service. The Foreign Service represents an excellent combination of the good features of the commissioned corps system, with its regular promotions and career character, and of the classification system with its rewards of higher pay for more responsible positions.

Both features would be important in a health service and rank in that service should, therefore, relate to the individual as well as to the job. On the one hand, regular promotions are necessary, especially in clinical medicine and in research, because professional personnel may steadily increase in value to the organization while performing the same type of work over a period of years without any increase in administrative responsibility. On the other hand, advancement in status and pay must also be possible as incentives for acceptance of increased administrative or supervisory responsibility.

Temporary or "spot" promotions for personnel while they are filling particular jobs (regardless of the regular rank) are also important.

The importance of the work and the tremendous responsibility which would be carried by the divisions we are proposing make it impossible for such an organization to be satisfactorily staffed under present Civil Service salary schedules. We make no specific proposals with respect to salaries because we are informed that the Commission's Task Force on Personnel Management is studying and making recommendations for a revised salary scale which will make it possible for the Federal Government to attract and keep high-level professional and medical administrative personnel.

The new system should put into the hands of the National Bureau of Health the full responsibility for recruiting, selecting, assigning, and otherwise handling its own professional personnel.

It should be possible to detail personnel from the National Bureau of Health to any other government agency, Federal or local, as well as to nonprofit private institutions and agencies. To facilitate detail to the armed forces, a simulated rank should be prescribed by law to personnel assigned from the Health Bureau to the military.

It is essential also to consider carefully the status of personnel of the Bureau of Health in the event of war. Since the professional personnel of the Bureau must be considered essential to the Nation's needs in war on a par with the military, its entire group of professional personnel should be offered military status on the outbreak of war and should be available for obligatory service wherever the national interest demands. In the interest of flexibility the pattern of the military in maintaining a reserve corps should be followed by the National Bureau of Health. This reserve group, which would be of particular importance in time of war or other national emergency, should be carefully selected with regard to professional representation and should receive periodically training in subjects related to anticipated assignments.

The new career service should include physicians, dentists, nurses, sanitary engineers, and all other scientific personnel who are requisite for a general health program, such as nonmedical scientists (in both the natural and the social sciences) working in the health field, pharmacists, dieticians, physical therapists, etc.



## B. Greater Use of Ancillary Technical Personnel

The training of physicians has become increasingly complex and prolonged with the progress of medical science. But at the same time physicians have become unnecessary for many minor tasks. The same principle applies to graduate nurses. The armed forces in the recent war showed that there are many time-consuming tasks, customarily done by doctors or nurses, which can be performed satisfactorily by persons with far less technical training. Under the pressure of war, extensive emergency steps were taken to train and use such ancillary personnel to save scarce professional time. Since the war we have tended to relapse to the old groove.

Practical leadership is needed in this field, which is beset with obstacles in the form of State laws and the natural conservatism of professions with high standards. Since the Federal Government can operate its own medical services without undue restrictions from State laws, and since the need to save professional personnel is so acute, the proposed National Bureau of Health and the armed forces medical service should provide an effective leadership and demonstration in this field.



## Chapter XII

### AID TO MEDICAL EDUCATION

The short supply of medical personnel has been cited throughout this report as a most urgent and vital reason for organizational change. It is necessary therefore to consider the source of this supply—the medical schools and teaching hospitals. Although our consideration is limited to the education of physicians, we are fully cognizant of the fact that the spotlight is being directed only to one of many areas of higher education, and only to one of many areas that produce personnel vital to the maintenance of the health of the Nation. Because our primary task is to recommend an organizational structure that can cope with such problems, the education of the physician has been selected as the central one in the health area; also, the situation disclosed is one that may well require emergency measures.

The Federal Government depends for its large supply of doctors during peace, as well as its staggering demands during war, upon the output of some 70 medical schools, 43 of which are supported by private funds (endowment, gifts, fees), mostly as integral parts of universities, and the remainder are supported by States and municipalities. Two studies made at the committee's request, quite independently of each other, confirm the distressed financial condition of a large number of these schools, definitely preventing their expansion and even threatening their very existence. That this situation is a critical one for Federal medicine is self-evident, for shortage of medical manpower is its most serious problem.

As medicine has become more complex, standards of medical education have become more exacting and far more expensive for the schools to meet. Tuition formerly covered 70 percent of the expense of operating the schools. It now pays only about 25 percent, although tuition has been increased to the maximum amount tolerable and probably beyond the amount desirable. Inflation has of course added to the schools' financial difficulties.

The hope for large gifts for medical education from philanthropic foundations and wealthy citizens (with a very few notable exceptions), or for substantial support from commercial enterprises or public subscriptions, is judged to be remote. Federal support will be required, in spite of the potential dangers inherent in government subsidization. Resistance of the schools and of the profession to the acceptance of Federal aid can be resolved, provided assistance is offered on a basis

which would not entail interference with professional educational policies but which would still provide to the taxpayer full justification for the aid and the purpose for which it is spent.

Some Federal funds are now directed to schools in the form of grants-in-aid and contracts for research and for some other specialized purposes, but these are of limited value in strengthening them and may actually add to the financial burden of these institutions as explained in the report of the Subcommittee on Research. A different kind of aid is needed.

The magnitude of the need has been estimated variously. The American Medical Association, although not favoring Federal aid, estimated that nearly \$700,000,000 is needed at once to supplement the endowment of the private schools. In March 1947, a representative of 19 universities having medical schools, estimated that the private medical schools needed additional budgets of \$30,000,000 per year. A more recent estimate is \$16,000,000 per year more than is now available and about \$200,000,000 for long range development of facilities.

These needs are not new. Many schools, which have never possessed adequate funds have deficiencies in plant and personnel which urgently require correction. Practically all schools need additional physical facilities, especially laboratories, for replacement of old and outworn facilities. Confronted with the urgent problem of maintaining present standards, the schools have been unable to undertake new developments important to their educational programs.

Facts are lacking on which to base an intelligent program of comprehensive aid. There is no uniform system of accounting by the schools. Some are financially integrated with their universities, with affiliated hospitals, or with other schools (nursing, dental) or teaching units. Under such conditions we could not recommend Federal aid without a study which would develop enough facts to assure that the assistance would go to the areas of greatest need and that it would be utilized effectively for the desired purposes. A further reason for disapproving aid on a blind basis is that the best and probably the only way to get the facts is to make the receipt of aid conditional upon securing them.

One question which a study should answer is whether medical schools receiving aid might utilize their facilities throughout the year on an 11-month basis instead of an 8-month basis. Some schools do this now; others do not. Many medical educators have expressed the opinion that the accelerated program of the war years resulted in deterioration in quality of education. However, this experience cannot be held conclusive, because at the time perhaps half of the faculties of the schools were absent in military service, a fact which alone might explain such results. When at one and the same time our medical schools are in such financial distress that the supply

of doctors is threatened and our Federal medical services are in distress because they cannot obtain doctors, it is fair to inquire into any and all measures that may correct the situation. Although facts are not at hand to provide a basis for specific recommendations, they can be obtained before any policy of continued large grants is established.

We have tentatively considered several plans for the provision of Federal aid, and favor linking assistance (1) with an undertaking by the schools to increase enrollment up to the maximum point consistent with maintenance of high standards of education and (2) with a system of fellowships under which men of exceptional ability may be given an opportunity for medical education.

Fellowships are particularly needed to stimulate the training of research personnel, public health officers, and psychiatrists, to meet those shortages which are perhaps the most serious of all in their implications for the future. For men willing to remain in research, continuing postgraduate aid should be provided, in order to keep them in what is potentially one of the most valuable of all medical activities but in which financial rewards are so meager that the basic financial security enjoyed by the skilled laborer is lacking.

For fellowships to be attractive to the holders and also of real help to the medical schools, the amount provided would have to be much greater than the tuition plus the stipend paid to the student for his other expenses, because each additional student represents a further deficit to the school. Acceptance of such fellows as additional students would be a partial compensation for Federal aid.

Funds for capital improvements are also required. These can be furnished, like the aid to local hospitals, on a percentage basis, leaving initiative and responsibility in the schools to match the Federal aid. Since some school deficits stem from support of their teaching hospitals, the aid above proposed for such hospitals will diminish the aid to the schools.

Because the needs are acute, there is considerable pressure for interim aid in advance of a full-scale study and analysis of the facts. Certainly provision must be made to maintain the output of doctors from the educational system as it now exists. Since Federal assistance will be necessary for a long period, an intensive long-range study should grow out of an initial emergency survey.

Accordingly, we recommend:

1. That an initial survey of the acute emergency needs be made by the Public Health Service, with the aid of advisory groups representing the public, the medical schools, and those philanthropic foundations which have given so generously to medical education. Where financial problems of an emergency nature are found which threaten the survival of medical schools or the maintenance of high standards of medical education, emergency financial aid should be supplied

promptly by the Federal Government if it is clear that the schools and their universities themselves are making maximum efforts.

2. That a long-range study of the economics of medical education be made to determine ways and means of insuring the maintenance of current output at present standards and of expanding output and elevating standards. This study, should define the extent to which present facilities can be better utilized and need to be expanded.

3. A plan of fellowships for brilliant men, particularly those who evidence an especial interest in the fields in which there is the greatest shortage including Federal medical service.

These recommendations are predicated on the principle of not diminishing the essential independence of the schools in professional educational policies, or their self-support to the full extent possible, or the private initiative now supporting them.

A sufficient principle on which to justify such Federal aid is that the Government is the largest single customer for medical personnel even in peace, and by far the greatest customer of all in war.

## Chapter XIII

### MEDICAL SUPPLY

The purchase of purely medical items, which we may describe loosely as those used to treat patients, is a technical function requiring extensive professional knowledge and continuous adaption to the changing techniques of the medical profession. For this reason, it is in the armed forces separated from other procurement, and such supplies are now bought for all three services by a joint medical procurement office.

Experience during the war, when the biggest medical supply enterprise of all time was conducted—over a billion dollars worth of such supply and equipment being bought by the Army alone—demonstrated irrefutably that such an operation should be under medical control to select items, to regulate specifications, quantities, packing, and standards closely in accordance with the using doctors' needs, and to develop, procure, and distribute promptly new items as the constant progress of science and as medical experience modifies existing concepts.

This principle is violated in the Veterans' Administration, in which the supply service is on an equal basis with, and wholly independent of the Department of Medicine and Surgery. After the war, Veterans' Administration was destined for a long time to use large quantities of armed forces surpluses. Had a unified medical supply service been developed, the Veterans' Administration could have been effectively serviced with no mass shifting of these stocks. But the natural desire of each agency to control and operate its own enterprise, and the further fact that in the Veterans' Administration the supply service was an organization separate from its medical department, resulted in the movement of great stocks of supplies at large expense, the rewarehousing of them in Veterans' Administration depots and in a continuing duplicating service.

Today, although there is no need in a properly conducted unified supply system for more than a 3-month depot stock level, except for war surplus and war reserve stocks, the Veterans' Administration authorizes a 6-month level. Actually Veterans' Administration has a 2-year level, explained largely by war surplus stocks. Recently the Veterans' Administration supply organization proposed to increase its stocks by another \$33,000,000, but this unnecessary expense was averted by the Bureau of the Budget. The Veterans' Administration medical supply operation is neither an economical one, nor satisfactory to the doctors being served. In spite of its enormous stocks a large amount of local procurement (58 percent of the total) is necessary at

high cost. A substantial part of the supplies could be furnished by purchases under open-end general contracts with direct delivery from the sellers, greatly lessening the depot function. We understand that steps in this direction are now in progress.

Even more serious is the fact that there is no complete common Federal medical supply catalog, and, therefore, inadequate standardization except in the armed forces.

In the armed forces, the procurement system has been consolidated for the past 3 years and operates satisfactorily. This procurement office with some expansion could readily buy all the medical supplies required for the Federal Government as a whole.

However, the armed forces have never been able to get together on warehousing or stock control, and the Army and Navy operate wholly separate depot systems with duplication and unnecessary expense. The Army authorizes a 3-month stock level, the Navy a 6-month level, in depots. In the Army, which includes service to the Air Force, warehousing could be contracted by 25 percent at least. Large amounts of stocks are also carried at the stations (hospitals). We have reason to believe that these are in many stations far in excess of needs. A 60- to 90-day level is all that is necessary.

Total Government stocks of medical supplies are \$177,000,000 against an annual issue of \$44,000,000, or a total of about 4 years stock expressed dollar-wise. These deteriorate and are costly to keep. Of course they represent in substantial part war surplus which was properly retained, but the very size of the total stocks makes single control of them, of their warehousing and utilization even more important.

The loss due to the present independent systems can be illustrated by the existence of 17 depots carrying major amounts of supplies; (aside from 12 other depots of the Federal Bureau of Supply which include some medical supplies) although an over-all unified Federal medical supply system properly conducted would require only 4 to 7 depots, roughly one-third of those now used.

Progressive reduction in inventory with savings in very large amount would follow this change automatically, although it would of course take time to realize the full benefit.

Such consolidation of stocks could still provide for sufficient dispersion to protect against danger of loss due to bombing, while on the other hand making the stocks much more readily available should a crisis arise, since they would all be a part of one system and would be standardized.

Before making this recommendation, we checked informally with the Commission's Task Force undertaking the study of Federal procurement, and ascertained that our plan for separate procurement of purely technical medical items would not be inconsistent with its recommendations.

We feel justified in stating categorically that there is no need for more than a single medical supply system, including single systems of stock control and warehouses for the entire Federal Government, and that better service can be given with significant savings.

In such a plan, it must be remembered that the armed forces require for military preparedness a complete supply system, with stocks of all items in depots, and with facilities, plans, and experience for the rapid assembly in an emergency, of hospitals and other military medical units complete (except for buildings) for possible overseas use or catastrophes here. This does not mean that the armed forces could not, for current consumption, buy many items for direct delivery to the using station, wherever this could be done more economically.

In the civilian medical agencies which would become part of the new Bureau of Health, there is no corresponding need for a complete supply system in the same sense. For their purposes, the criterion should be, on an item by item basis, whether considering all indirect as well as direct costs it is cheaper to buy locally, or wherever possible under open-end general contracts, for direct delivery to the using station, or to take delivery in Government depots in larger quantities, and therefore at lower cost to the manufacturer and fill station requisitions from the depots.

If the armed forces were merged, or if responsibility for medical supply were assigned exclusively to one of the three services, such function could also be performed effectively for the Federal Government as a whole. This would, of course, include supply only to the depot level; that is, the stations (hospitals) of each service and of the Bureau of Health would not be included in the central system; also overseas supply would still be the function of the respective armed forces concerned.

The above plan would be consistent with the report on Civil Defense for National Security to the Secretary of Defense, which recommends that the Army conduct procurement and warehousing of the large quantities of medical supplies requisite for civil defense.

We recommend against having the armed forces assume responsibility for medical supply both for themselves and civilian Federal medicine if the operation would have to be conducted as a joint function of the three services, resting necessarily in considerable degree upon their mutual concurrence. A single responsibility and authority is needed. But, of course, such proposed delegation to one service would not prevent the inclusion by detail of personnel from the other services, to any reasonable extent that the latter desired to have their officers trained in medical supply work.

A great advantage to the armed forces in the method here proposed would be that their personnel would have training and experience in handling a large medical supply system instead of the relatively small peacetime armed forces operation. The civilian Federal medical

agencies would be the largest consumer except in war, and the operation would, therefore, be very much bigger than one conducted for the armed forces alone. Inadequate experience in large-scale medical supply operations preceding the recent war caused many months of anxiety and protracted deficiencies. It should be avoided again.

Unless there is either a merger of the medical services of the armed forces or a delegation of exclusive responsibility to one of them, we favor the alternative of placing the unified supply service in the National Bureau of Health, and of letting it take care of the armed forces peacetime needs in addition to its own. In such event the armed forces would operate only the depots containing the war reserve. But they would detail personnel to the National Bureau of Health for training and experience in medical supply to the extent that the armed forces find reasonable need to do so. The invaluable knowledge of the senior personnel of the medical supply services of the armed forces should be made available by such detail.

In making this alternative recommendation, we are fully aware of the strong feeling of the armed forces as to controlling all of their logistics. Under the first recommendation made, they would have the option to do this. But if this option is not exercised, certainly the advantages of unified supply, in economy and in better availability of stocks for a war emergency both for civilian defense and the armed forces themselves, outweigh other considerations. United supply under a single responsible head is a must if the objectives of Public Law 162 are to be achieved.

One of the greatest advantages of such unified supply would be Government-wide standardization of items. Through this, plus single control, stocks could be mobilized rapidly either for civilian defense or the armed forces, should emergency arise. If there were no other advantage than this, the unified service would be justified.

Finally, as one important feature of war preparation, the armed forces and the planners for civilian defense should standardize hospital assemblies. It has been proven that items can be standardized. This can and should be done also as to assemblies. It will not be possible to predict which hospital assemblies will be needed for the Army, the Navy, the Air Force, or civilian defense. They should, like their component parts, be standard and interchangeable. We understand progress toward this end is being made. It should be accelerated.

For such unified procurement enterprise to operate, there would of course have to be one law regulating the methods of procurement authorized which would be applicable to the entire function. For example, Public Law 413 of the Eightieth Congress allows negotiated purchasing, rather than formal advertising and bid, under certain conditions in procurement for the armed forces. The same provisions would have to be extended to include the part of the proposed procurement conducted for the benefit of the civilian agencies.



## Chapter XIV

### PROVISION FOR CONTINUING STUDY AND TOP-LEVEL SUPERVISION OF MEDICAL SERVICES

At best, there must, because of special military needs, continue to be at least two major separate Federal medical services. Further, military medicine itself will probably be divided among the three armed services. While coordination among the armed services is provided for in the above recommendation for the deputy and the advisory committee to the Secretary of Defense, the plans which we have so far proposed do not bridge the gap between the military and the nonmilitary Federal medical organizations. Therefore, a top-level mechanism for over-all study, supervision, and coordination is requisite. The studies made by our committee should be the beginning, not the end, of such surveys and appraisals. In the time available, our work could provide only an outline of organization, a few signposts, evidence of the real need for such studies, and some indication of what might be saved by them. Such a continuing study properly conducted, and accompanied by top-level supervision, could pay for itself hundreds of times over, and help to assure the most effective use of our limited professional resources.

The function includes positive coordination and supervision as well as fiscal review. The first should afford a continuing and dynamic appraisal of all the interrelationships within Federal medicine, and between Federal medicine and the civilian medical economy in all fields. The second; fiscal review; by its very nature is essentially a negative operation.

Under present Federal organization, the Bureau of the Budget is the logical office to discharge both types of responsibility. The powers of the Director of the Budget are far broader than the responsibility for fiscal review which the title of his office connotes. However, the Bureau of the Budget has customarily centered its attention on essentially fiscal matters. This might tend to overshadow the positive dynamic studies and coordinating activities which are our principal concern. The Bureau's Hospital Division has assembled valuable data and has shown a grasp of the fiscal and organizational problems of Federal medicine; it is well equipped for the fiscal review function. We are not concerned that there will be an inadequacy in this area; we are concerned as to the establishment and exercise of the other function.

Since the Chairman of the Commission is himself making recommendations concerning the organization of the Office of the President, it may be that some new organizational provision will be made for the kind of positive activity we recommend so strongly. If not, the broad powers of the Director of the Budget should be employed for it.

To assist in the guidance of this important work, we recommend a medical advisory committee. Such advisors should be completely separate from, and independent of, the operating agencies.

## Chapter XV

# THE NEED FOR INCREASED EMPHASIS ON THE CONTROL OF DISEASE

Federal medicine shares with all medicine and other healing arts an intense preoccupation with the diagnosis and treatment of disease. In fact, in the mind of the layman this constitutes medicine. As methods of greater precision and certainty have developed, both diagnostic studies and curative treatment have required more and more hospital beds. The fact must not be forgotten that the hospital as we know it today is a product of this century. Society has had less than 50 years' experience with this institution in its present form.

We have outlined the cost and the problems that provision of medical service—in varying degrees—for one-sixth of the population has already imposed on the Federal Government. This has been measured in the convenient unit of a hospital bed, but this unit fails to measure the constant need for replacement of the rapidly outmoded equipment and apparatus of the modern hospital, the cost of expensive drugs and biologicals, and the increasing needs for manpower. We have expressed our concern about, and based recommendations on, the fact that the existing plant and commitments have already outstripped the supply of medical personnel.

Attention has been called to the expectation that in the hospital care of veterans alone, unless earlier rates of hospitalization for diseases are decreased, there will be under present policies between a twofold and a threefold increase required as World War II veterans grow older, with a staggering annual cost for many years. Even if no veteran with nonservice-connected disability should be hospitalized except for chronic diseases, 250,000 beds will be needed by 1975 for veterans, and more than three-fourths of these would be for mental patients, according to an actuarial study just made for our committee in the Metropolitan Life Insurance Co.

We have noted from responsible nongovernmental sources, disturbing reports of financial deficits in the voluntary hospital system, of inadequate philanthropy and of only partially filled community chests.

Is there no end, society may well ask, to this demand for more and more beds? Are the doctors, through their discovery of new and better ways of treating disease, quite unintentionally creating a burden that is already irksome, and threatens to prove intolerable? If we think solely in terms of the provision of medical care as it exists today,

we agree that the outlook is alarming. But there are certain courses that, if followed, may provide a way out.

The first of these, except in very limited degree, is beyond any direct influence of the Government. The pattern would need to be established first by nongovernmental medicine through bringing about a closer integration of the hospital and its community, with the objective of diminishing the need for hospitalization through a relative increase of ambulatory care. Before the Government can even approach this problem, we have noted that a clear definition of its policies in relation to certain beneficiaries would need to be established. The Government is now committed to quite the reverse policy, at least in the care of nonservice-connected disabilities of veterans, who constitute the great bulk of its beneficiary population. In their case, the Government in effect is using the inconvenience of hospital admission as a means to check the flood demand of ambulatory care that would result if this were to be provided. Under present circumstances, we cannot question the wisdom of such a course, except in tuberculosis, mental illness, and syphilis, not only because professional manpower for such an undertaking is nonexistent, but because the cost would be prohibitive. The pharmacy costs alone for adequate ambulatory treatment would be fantastic.

The second course, and the one that should be followed vigorously, is one in which the Federal Government in recent years has often times exerted leadership, and with courage and imagination forged ahead of non-Federal medicine. This is research and development in public health and preventive medicine.

It is necessary to define preventive medicine to achieve clarity of thinking in regard to it. The prevention of disease may be achieved by specific measures that protect the individual from contracting a disease. If communicable disease is involved, such measures generally reduce the incidence of the disease in the community and prevent explosions in epidemic form. This is a limited definition of preventive medicine, best exemplified by vaccination for smallpox. Preventive medicine also includes the prevention of death and disability through early recognition and treatment of disease that is already established. Aside from the benefits to the individual, the effect of this form of preventive medicine in communicable disease may also extend as protection to other individuals in the community. For example, in tuberculosis the best preventive measures are incident to an early diagnosis and treatment that detects and isolates the case and so removes the source of contagion from the community. It can thus be seen that preventive medicine merges on the one hand with public health and on the other hand with remedial medicine, depending on the point of view.

The combined action of these two phases of preventive medicine, as we have defined it, constitutes what is commonly hailed as the progress of scientific medicine. It is quite true that at the present time this

progress can be accused of having added complexity, and also, from the economic standpoint, its dollar balance on the ledger may still be in red ink. But scientific medicine has scarcely started toward its goal. It is not inventing new diseases—it is carefully sorting out the same old diseases and one by one bringing them under control.

We are likely to forget the significance of those many serious illnesses that have already been checked or eliminated. It is obviously impossible to give more than the roughest approximate estimates in money savings. Perhaps these should not be attempted at all, because no one can assign a dollar value to the health of an individual and the productivity of a great Nation. A few illustrations will suffice:

#### DIPHTHERIA

Some 50,000 more persons would have died of this disease in 1947 if the 1900 mortality rates had prevailed. The 1947 cost to the Nation would thus have amounted to \$30,000,000. The actual expense was \$600,000.

#### TYPHOID AND PARATYPHOID

Over 40,000 lives were saved in 1947 as a result of the decline in typhoid mortality since the turn of the century. The cost of the disease was reduced from \$45,000,000 to \$800,000.

#### DIARRHEA AND ENTERITIS

One hundred and fifty thousand more deaths from diarrhea and enteritis would have occurred in 1947 if mortality from this cause had remained at its 1900 level. Savings are estimated to be greater than either in diphtheria or typhoid fever.

#### TUBERCULOSIS

The annual mortality rate among males aged 25 to 34 has been reduced in the present century from 275 per thousand to only 39. Without such control, 25,000 additional men of those ages would have died in 1946.

At the present time we are drafting men from 19 to 25 and, because of the progressive reduction in deaths from tuberculosis, 150,000 men subject to the draft are now alive, available for call to military service, who would have been dead had the death rate from this disease continued as it was at the time they were born.

In the armed forces, X-ray and other screening at induction kept 200,000 cases of tuberculosis out of service. The incidence of this disease among active duty personnel and among veterans since the war was reduced to about one-tenth of that during and following World War I. Savings in dollar cost to the Federal Government for chronic

care are of incalculable magnitude and there is respectable expert opinion that maximum effort could bring tuberculosis under control within measurable time.

## MALARIA

The remarkable effectiveness of the control over malaria is brought out by the experience of the armed forces in the Pacific. During 1943 in the Southwest Pacific, hospital admissions from malaria rose to 250 per thousand. Peak rates were even higher. Several additional divisions were made available for combat by the application of antimalarial measures which reduced these rates to less than 50 per thousand.

It will be noted that all of these illustrations fall into the category of infectious diseases and that control measures for them developed on the basis of research discoveries both in natural science and medical science.

The extraordinary advance made in the control of these and other infectious diseases has prevented death and improved the health chiefly of persons under 45 years of age. This advance can be reckoned as one of the several factors that account for the increase in life expectancy illustrated by the fact that white males at birth now have a life expectancy of 67 years contrasted with that of 50 years as of the beginning of the century.

Compared with the advance in the control of infectious diseases, however, relatively little has been accomplished for the chronic diseases, the incidence of which begins to rise sharply after 40 years of age. The magnitude of this problem can be estimated from the calculation that, of the 2,000,000 man years lost annually by the Nation's labor force, more than two-thirds is lost on account of chronic diseases. This discloses a problem that is not only large but increasing, because of the greater span of life just noted. At present, there are in the population 39,000,000 persons aged 45 or over. It has been estimated that there will be 59,000,000 in 1980.

These statements have peculiar significance when applied to the population of veteran beneficiaries. We have presented the judgment that chronic disease disability in the veteran leads to almost automatic identification with inability to pay, and on justifiable grounds. Just now, we are in the peak load of chronic care for veterans of wars prior to World War II, whose average age is close to 60. The average age of World War II veterans is but 30. The two groups numerically stand in the ratio of 4,000,000 to 14,500,000. It is easy to see that when the latter group passes 45, there will begin an unprecedented demand for hospitalization by the Federal Government.

A term used in relation to disease in recent years now requires definition—control. It embraces not only preventive medicine in the

broad sense in which we have defined it, but research and education. Education includes not only doctors, but all persons working in the health area, as well as the chain of research workers that extends back to the laboratories of natural science. Control, then, is measured by high grade medical service oriented toward preventive measures, research, and education.

Cognizant of the task the Government is facing in chronic disease, it is important to inquire what it is doing toward control. This can be estimated by considering the amount expended for medical research, aside from education, which is the control measure indicated to anticipate the increasing task ahead.

In the year 1948, over 85 percent of the Federal medical expenditures in the United States was for medical service—that is the care of established disease among the Government's particular beneficiaries. Only 8.9 percent was spent for all projects related to public health and preventive medicine for the population as a whole, and but 3.9 percent for research.

It is true that the total expenditures for research have been increased very considerably in the past decade, but comparison of relative amounts convinces us that the necessity for even greater expenditure has not been faced. Increases in expenditure for medical care are outstripping relatively those for control. The reverse should be the case.

Our understanding of chronic disease is still in its infancy. Strategists in medical science have already mapped it as the next great theater of operations. Although there is no guarantee that because one disease has been conquered another will fall, there is every reason for confidence and optimism in the great potential of our national research capacity. The broad three-pointed program of control yields appreciable results even while the spearhead of research is seeking a breakthrough. This is the present situation in cancer. The full application of existing knowledge can greatly diminish the human suffering and economic wastage of this disease.

We stand confident then in the recommendation of a courageous approach to the control of chronic disease, rather than a passive acceptance of the immeasurable cost that lies ahead. Funds invested in research and education at this time will not only return dividends in dollar savings in the future, but a still greater reward in health and productivity in the Nation.

## Chapter XVI

### CONCLUSION

Congress has asked you to recommend changes necessary to promote economy, efficiency, and improved service. You have asked us to make such recommendations in regard to Federal medical services. We have done so. In this process, we have used figures of excesses which exist and economies which might be effected. These are not offered as precise appraisals, but merely as illustrations that large areas of savings can be opened by sound organization. We have attempted to outline a method which we hope will correct the extravagance resulting from the present series of unrelated projects, and weld these together into an integrated, orderly whole. With such an organization, staffed by outstanding personnel, it should be possible to utilize our unequaled medical resources to the maximum, and by intelligent planning take steps which will make us a healthier and stronger Nation.





## Appendix A

### ORGANIZATION OF THE WORK OF THE COMMITTEE ON FEDERAL MEDICAL SERVICES

Following the example of the Commission, we delegated major areas of work to task forces, which were assisted by the full-time staff of the committee and by such special assistants and advisors as the heads of the task forces desired.

Dr. Edward D. Churchill, as vice chairman, and Dr. Ray Lyman Wilbur assisted the chairman in giving general guidance to the committee's task.

In medical care the most expensive and damaging policy is to continue to center expenditure on hospitalization and the care of diseases while neglecting research, preventive medicine, and public health. We, therefore, gave a high priority of attention to these.

#### MEDICAL RESEARCH

We set up a task force in this field and to head it arranged for the addition of Dr. A. N. Richards to our committee. He had served as chairman of the Committee on Medical Research of the wartime Office of Scientific Research and Development. He was assisted by Dr. O. H. P. Pepper, and had Dr. A. R. Dochez as an advisor.

#### PUBLIC HEALTH

We secured the addition to the committee of Dr. Hugh R. Leavell, professor of Public Health Practice at Harvard, to make the study in this field. We endeavored to coordinate this work with that of the Brookings Institution in its study of Welfare.

#### NEUROPSYCHIATRY AND TUBERCULOSIS

Approaching our problem from an entirely different angle, we instituted special studies in the two great chronic diseases—tuberculosis and psychiatric illnesses—which together account for 60 percent of all Federal hospitalization. These, because of their chronicity, make almost all patients medically indigent, and are the greatest expense to the Federal Government. In the psychiatric field, Dr. William C. Menninger headed our study. For tuberculosis we consulted Dr. Esmond R. Long, perhaps the foremost authority in the country, and with his aid and advice obtained Dr. Robert Plunkett from the New

York State Department of Health. Dr. Plunkett directed the study; Dr. Long served as consultant. The conclusions represented their joint opinion.

#### HOSPITALIZATION

Studies of hospital and medical services were divided in several ways. As to the armed forces, they were under Dr. Paul R. Hawley, formerly the Army's Chief Surgeon in the European Theater of Operations, and later Chief Medical Director of the Veterans' Administration. Dr. Michael E. DeBakey, Dr. Hugh J. Morgan, and Dr. Menninger were also members of this task force. Through liaison with Dr. Howard A. Rusk and Dr. Richard L. Meiling, our work was integrated with that of your Committee on National Security Organization.

Under the parent Task Force on Hospitalization, of which the chairman was Dr. Allen O. Whipple, surveys were made of all Federal hospitals in several representative areas; a special study was made of residency training; and a study was made of the need for possible aid to medical education. In addition to the members of Dr. Hawley's task force, the other members of the Subcommittee on Hospitalization were Drs. Frank R. Bradley and R. C. Buerki, Messrs. Henry P. Isham and Charles F. Rowley. Drs. Basil MacLean and Maxwell E. Lapham served as advisors in special parts of the work.

#### MEDICAL MANPOWER

We created a task force on medical manpower, and for this purpose arranged to add to the committee Dr. Edward D. Churchill, who had previously studied this problem as chairman of Secretary of War Patterson's Medical Advisory Committee. Mr. Goldthwaite H. Door also served on this task force.

#### MEDICAL SUPPLY

A special study was made of medical supply by persons experienced in military medical supply during the war. In this the chairman of our committee personally participated. Mr. Herman Hagen and Mr. C. W. Harris served as advisors in this work.

#### ORGANIZATION

Since the ultimate objective of all our efforts was to provide a sound organization for medical services, a special subcommittee on organization, under the chairmanship of Mr. Dorr, was created for continuous consideration of this ultimate goal. Dr. DeBakey, Dr. Hawley, and Mr. Tracy S. Voorhees served as members of this subcommittee.

Both formally and more often informally, representatives of all of the major Federal agencies affected, the principal professional

groups concerned, and several of the veterans' organizations were invited to present their views orally or in writing to the committee as a whole.

Gen. Edward S. Greenbaum and Dr. Gilbert W. Beebe assisted in the preparation of the final report. Dr. Eli Ginzberg assisted the committee as an advisor in the earlier phases of its work.

#### STAFF

The committee's staff also conducted extensive fact-finding investigations. The staff consisted of Dr. Howard M. Kline as executive director, Messrs. Marshall Hornblower, Daniel I. Rosen, Edward A. Lew (as actuary), Leslie T. Roach, Thomas Dolgoff, Jack Colclough, Joseph C. Corie, W. V. Charters, William Schweitzer, and Mrs. Amy W. Firfer.

Special staffs for the task forces included: Mr. William McPeak for manpower; Dr. Jack R. Ewalt for neuropsychiatry; Dr. Richard Nauen and Dr. Edward X. Mikol for tuberculosis; Dr. Julius Comroe, Jr., for research; Dr. James Troupin for preventive medicine; Dr. E. Richard Weinerman for hospitalization; and Dr. H. F. Currie and Dr. B. C. Fenton for medical supply.

Miss E. Hildegard Hillberg and Miss M. Louise Williams directed the secretarial staff of the committee.



# *Federal Medical Services*

A REPORT WITH RECOMMENDATIONS

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P R E P A R E D   F O R

THE COMMISSION ON ORGANIZATION OF THE  
EXECUTIVE BRANCH OF THE GOVERNMENT

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*by*

The Chairman of the Committee on Federal Medical Services  
Acting for the Committee

-2 APR 1947

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## Letter of Transmittal

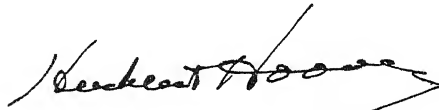
WASHINGTON, D. C.

5 March, 1949.

DEAR SIRs: In accordance with Public Law 162, approved July 7, 1947, the Commission on Organization of the Executive Branch of the Government submits to the Congress herewith a supplemental report on the Medical Services of the Federal Government.

The Commission's own report on Federal Medical Services is submitted to the Congress separately.

Faithfully,

A handwritten signature in dark ink, appearing to read "Herbert Hoover", with a long, sweeping horizontal stroke extending to the right.

*Chairman.*

*The Honorable*

*The President of the Senate.*

*The Honorable*

*The Speaker of the House of Representatives.*





## Supplemental Report on

# AN INDEPENDENT MEDICAL AGENCY

**Proposal to set up a United Medical Service organization as an independent administration reporting to the President, instead of as a bureau of a department of health, education and security.**

As our committee had been instructed to assume that any consolidated health organization would be a part of a new cabinet-level department embracing health, education and security, which the Commission would recommend, our main report contained on page I the following statement: "The above instructions excluded from our consideration the question as to whether a separate cabinet department would be established for health alone, as urged by professional groups. However, should this be done, the organization which we are proposing would be adapted to such plan with only a few changes in nomenclature."

Thus, we answered in the affirmative the question as to whether the organization, which we originally designated as the National Bureau of Health, could function as an independent department or agency.

It remains to consider whether such an alternative would be preferable. This question has been fully considered by our committee, and we have reached the conclusion that such an independent organization would be preferable to placing this function in a larger department, as the Commission originally proposed.

In favoring this, we recognize that such an organization would create some additional problems. For example, the administration of health and welfare require close coordination in certain areas. Their separation would require an adjustment of the dual functions of the Children's Bureau and of the Office of Vocational Rehabilitation. These, however, can be solved without undue difficulty.

The advantages of an independent agency are:

a. The health agency, if submerged within a multipurpose department, would be more likely to find its health functions impeded by collateral considerations pertaining to welfare and insurance.

b. Appropriations for health should, if possible, be clearly identified as such and not confused with those for social security, welfare or other social programs.

c. Other departments, such as the armed forces, using the medical service agency would be concerned only with its health functions as such and would thus be protected from any collateral and irrelevant considerations having to do with welfare, social security, etc.

d. The special personnel policies which we have recommended in our main report (sec. XI) could be established with much greater freedom and better success for an independent agency than they could be for one of three bureaus standing side by side in a single department. The new plan would, therefore, greatly facilitate obtaining personnel of the highest quality for the key positions. Under the previous plan, this was a problem which occasioned serious concern in our minds because of the contrast between the great responsibilities of the director general and the heads of his three main divisions (especially the Medical Care Division) and the relatively limited governmental position and pay of the head of a Bureau and the chiefs of its subordinate divisions. We believe, therefore, that the new proposal would go far to solve this problem which we regard as the most serious affecting the original plan.

e. The head of such an independent agency should be assisted by an advisory committee, representing the several departments and agencies which would be the principal users of medical services, such as the Medical Departments of the Army, Navy, and Air Force, the new proposed Department of Welfare, and the Veterans' Administration. With the agency independent, it would be more flexible to adapt its services, with the assistance of such advisory committee, to the needs of the several interested departments and agencies in its medical care facilities, in the training and staffing of professional and technical personnel, in its public health functions, and in other ways.

In considering the establishment of such an independent health agency, our committee again calls attention to a most important consideration pointed out in chapter III (p. 26) of our main report. The agency should be headed by a professional career director general. Under the new plan he should report directly to the President, and should, in the nonmilitary Federal medical organization, be the highest ranking physician in the Government. The supreme medical importance of the position of the Director General should command, irrespective of all other considerations, the ablest medical and health administrator whose services can be obtained by the Government.

For these reasons, the committee views the present proposal for an independent organization as a significant improvement over the previously submitted plan.

*For the Medical Services Committee:*

TRACY S. VOORHEES,  
*Chairman.*

FEBRUARY 8, 1949.